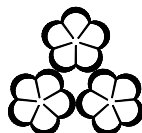


Zhejiang Sanhua Intelligent Controls Co., Ltd.

2020 Semi-Annual Report



August 2020

Section I Important Notes, Contents and Definitions

The Board of Directors, Board of Supervisors, Directors, Supervisors and Senior Management of Zhejiang Sanhua Intelligent Controls Co., Ltd. (hereinafter referred to as the “Company”) hereby guarantee that the information presented in this report shall be authentic, accurate, complete and free from material misstatement whether due to false record, misleading statement or significant omission, and they will bear both individual and joint legal liabilities.

Zhang Yabo, the Company's legal representative, Yu Yingkui, the person in charge of the accounting work, and Sheng Xiaofeng, the person in charge of accounting department (Accounting Officer) hereby declare and warrant that the financial statements in this report are authentic, accurate and complete.

All directors attended the board meeting to review this report.

The Company describes in detail concerning the possible risks and countermeasures in Section X " Risks of the Company and Countermeasures" under Section IV " Management’s Discussion and Analysis of Operations". Please pay particular attention to relevant contents.

The profit distribution proposal approved by the board of directors is as follows: With 3,582,258,682 as the base number, cash dividend of RMB 1.00 (including tax) will be distributed to all shareholders for every 10 shares. The Company will not distribute bonus shares or convert capital reserves to share capital.

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Definitions

Items	Refers to	Definition
The Company, Company	Refers to	Zhejiang Sanhua Intelligent Controls Co., Ltd.
<i>The Articles of Associations</i>	Refers to	<i>Articles of Associations for Zhejiang Sanhua Intelligent Controls Co., Ltd.</i>
The CSRC	Refers to	China Securities Regulatory Commission
SZSE	Refers to	Shenzhen Stock Exchange
Zhejiang Securities Regulatory Bureau	Refers to	Zhejiang Securities Regulatory Bureau of China Securities Regulatory Commission
General Meeting	Refers to	General Meeting of Zhejiang Sanhua Intelligent Controls Co., Ltd.
The Board of Directors	Refers to	The Board of Directors of Zhejiang Sanhua Intelligent Controls Co., Ltd.
The Board of Supervisors	Refers to	The Board of Supervisors of Zhejiang Sanhua Intelligent Controls Co., Ltd.
Yuan	Refers to	RMB

Section II Corporate Profile and Key Financial Indicators

I. Corporate Information

Stock abbreviation	Sanhua Intelligent Controls	Stock code	002050
Stock Exchange where the shares of the Company are listed	Shenzhen Stock Exchange		
Name of the Company in Chinese	浙江三花智能控制股份有限公司		
Abbr. of the Company name in Chinese (if any)	三花智控		
Name of the Company in English (if any)	ZHEJIANG SANHUA INTELLIGENT CONTROLS CO., LTD.		
Abbr. of the Company name in English (if any)	SANHUA		
Legal Representative	Zhang Yabo		

II. Contacts and Contact Information

	Board Secretary	Securities Affairs Representative
Name	Hu Kaicheng	Wang Yutong
Address	No. 12 St., No. 289 Xiasha Economic Development, Hangzhou, Zhejiang, China.	No. 219, Woxi Avenue, Meizhu Town, Xinchang County, Zhejiang, China.
Tel.	0571-28020008	0575-86255360
Fax	0571-28876605	0575-86563888-8288
E-mail	shc@zjshc.com	shc@zjshc.com

III. Other Relevant Information

1. Company's contact information

Whether there is any change in the Company's registered address, office address, zip code, website or email address during the reporting period.

Applicable Not applicable

There are no changes in the Company's registered address, office address, zip code, website or Company email address during the reporting period. Please refer to 2019 Annual Report for details.

2. Information disclosure and place of the report

Whether there is any change in information disclosure and place of the report during the reporting period.

Applicable Not applicable

There are no changes in the newspaper designated by the Company for information disclosure, website specified by CSRC for release of the report and place for report preparation during the reporting period. Please refer to 2019 Annual Report for details.

IV. Key Accounting Data and Financial Indicators

Whether the Company performed a retrospective adjustment or restatement of previous accounting data

Yes No

	Current Reporting Period	Corresponding Period of Last Year	YoY Change (%)
Operating Revenue (RMB)	5,318,178,626.77	5,831,107,028.08	-8.80%
Net Profit Attributable to Shareholders of the Listed Company (RMB)	643,481,717.35	692,968,498.78	-7.14%
Net Profit Attributable to Shareholders of the Listed Company after Deducting Non-recurring Gains and Losses (RMB)	582,191,161.67	641,841,146.76	-9.29%
Net Cash Flow Generated by Operational Activities (RMB)	1,104,651,449.42	830,554,910.93	33.00%
Basic Earnings per Share (RMB/Share)	0.18	0.19	-5.26%
Diluted Earnings per Share (RMB/Share)	0.18	0.19	-5.26%
Weighted Average ROE	6.74%	7.99%	-1.25%
	At the End of the Current Reporting Period	At the End of Last Year	YoY Change (%)
Total Assets (RMB)	15,540,725,156.74	14,790,190,170.64	5.07%
Net Assets Attributable to Shareholders of the Listed Company (RMB)	9,528,973,610.48	9,291,632,928.45	2.55%

V. Differences in Accounting Data between Domestic and Overseas Accounting Standards

1. Difference in the financial report of net profits and net assets according to the disclosure of International Financial Reporting Standards and China Accounting Standards

Applicable Not applicable

There is no difference in the financial report of net profits and net assets according to the disclosure of International Financial Reporting Standards (IFRS) and China Accounting Standards in the reporting period.

2. Difference in the financial report of net profits and net assets according to the disclosure of Overseas Accounting Standards and China Accounting Standards

Applicable Not applicable

There is no difference in the financial report of net profits and net assets according to the disclosure of Overseas Accounting Standards and China Accounting Standards in the reporting period.

VI. Items and Amounts of Non-recurring Gains and Losses

Applicable Not applicable

Unit: RMB

Items	Amount	Note
Gains or Losses from Disposal of Non-current Assets (Including the Write-off for the Accrued Impairment of Assets)	-1,403,295.52	
The Government Subsidies Included in the Current Gains and Losses (Excluding the Government Subsidies Closely Related to Regular Businesses of the Company and Issued in the Quota or Quantity Based on the National Standards)	93,590,286.21	
Gains or Losses Attributed to the Changes in Fair Value for Holding Held-for-trading financial assets, Derivative Financial Assets, Trading Financial Liabilities, Derivative Financial Liabilities and Investment Income from Disposal of Held-for-trading financial assets, Derivative Financial Assets, Trading Financial Liabilities, Derivative Financial Liabilities and Other Debt Investment, Excluding Hedging Businesses Related to the Regular Business Operation of the Company	-23,409,775.96	
Non-operating Income and Expenditures Other Than the Above	1,196,846.18	
Other Gains and Losses Items that Fit in the Definition of Non-recurring Gains and Losses	1,113,187.32	
Less: Impact of Income Tax	9,222,107.32	
Impact of Minority Equity (after tax)	574,585.23	
Total	61,290,555.68	--

The reasons for the non-recurring gains and losses items defined or listed in the *Explanatory Announcement No. 1 of Information Disclosure of Listed Companies – Non-recurring Gains and Losses* are defined as recurring gains and losses items

Applicable Not applicable

In the reporting period, the Company did not define any non-recurring gains and losses items defined and listed in the *Explanatory Announcement No. 1 of Information Disclosure of Listed Companies – Non-recurring Gains and Losses*, as recurring gains and losses items.

Section III Corporate Business Overview

I. The Principal Business of the Company during the Reporting Period

1. Main business

The Company adheres to the "focus on leading" business path, focusing on the research and application of heat pump inverter control technology and thermal management system products, focusing on the development of environmental thermal management solutions for heat exchange and intelligent control, and is committed to the professional operation in the fields of building HVAC, electrical equipment and automobile thermal management. According to the different stages, needs and characteristics of strategic business and their development, the Company's business is mainly divided into refrigeration and air conditioning electrical components business and automotive components business, to further clarify customer orientation and quickly respond to the market.

The main purpose of the Company is to produce and market components and parts for refrigeration A/C and refrigerator, automobile A/C and thermal management of new energy vehicles, coffee maker, dishwasher and washing machine. The main products of refrigeration and A/C electrical parts business include Four-way Reversing Valve, Electronic Expansion Valve, Solenoid Valve, Microchannel Heat Exchanger, Omega Pump, etc., which are widely used in A/C, refrigerator, cold chain logistics, dishwasher and other fields; the main products of automotive components business include Thermal Expansion Valve, Receiver Drier, Electronic Expansion Valve, Electronic Water Pump, etc., which are widely used in both traditional fuel vehicles and new energy vehicle thermal management field.

During the reporting period, the Company's main business and its business model have not changed.

2. Industry development

(1) Refrigeration and air conditioning electrical components industry

China is the largest manufacturing base of A/C and refrigerators in the world, and its production and sales volume ranks first globally. In line with the trend of environmental protection in the world, energy-saving inverter and intelligent technology have become the trend, which puts forward a series of new requirements for the market of control components, and also brings new development opportunities. As a leading enterprise in the refrigeration control components industry, the Company will follow the trend, firmly seize this opportunity and develop steadily.

(2) Automotive components industry

The global automobile industry has been developing rapidly, which also drives the market demand of automotive A/C and thermal management products to continue to grow substantially. In recent years, the development of new energy vehicles has become a relatively certain trend, which puts forward higher and more updated requirements for A/C and thermal management products. Focusing on the in-depth research on A/C and thermal management system of new energy vehicles, the Company has gradually developed from components to module and subsystems, and has become the supplier of Valeo, Mahler, Volkswagen, Mercedes Benz, BMW, Volvo, Toyota,

GM, Geely, BYD, SAIC and other customers.

3. Industry status

The Company is the world's largest manufacturer of refrigeration control components and the world's leading manufacturer of automotive A/C and thermal management system control components. "Sanhua" brand refrigeration intelligent control components have become a world-famous brand, and a strategic partner of many automobile enterprises and air-conditioning refrigeration appliance manufacturers in the world. After more than 30 years of development, the Company has established a leading position in the global market of refrigeration and air conditioning intelligent control components. The market share of the Company's Electronic Expansion Valve, Four-way Reversing Valve, Solenoid Valve, Microchannel Heat Exchanger, Omega Pump ranks first globally. The market share of the Company's Service Valve, Vehicle Thermal Expansion Valve and Receiver Drier is in the leading position in the world. At the same time, the Company focuses on the research and development of air conditioning and thermal management products for new energy vehicles, became the first Chinese enterprise to win the Pace Award of *Automotive News* of the United States.

II. Significant Changes in Main Assets

1. Significant changes in main assets

Major asset	Explanation on Major Changes
Equity Assets	No major changes
Fixed Assets	Increased by 246.36 million compared with the beginning of the year, mainly due to investment of raised funds and the transformation of automation equipment
Intangible Assets	No major changes
Construction in Progress	Increased by 11.91 million compared with the beginning of the year, mainly due to investment of raised funds and the transformation of automation equipment
Cash and Bank Balances	Increased by 748.32 million compared with the beginning of the year, mainly due to net cash inflow from operating activities
Held-for-trading financial assets	Increased by 227.90 million compared with the beginning of the year, mainly due to increase of bank financial products
Derivative Financial Assets	Increased by 15.39 million compared with the beginning of the year, mainly due to increasing in floating income of future contracts
Prepayments	Increased by 28.31 million compared with the beginning of the year, mainly due to increasing in prepayment of inventories

2. Major overseas assets

Applicable Not applicable

Content of	Formation	Size of	Location	Operation	Control	Income	Proportion	Whether
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Assets		Assets		Mode	measures of security assets	Status	of overseas assets in net assets of the Company	there is significant impairment risk
Sanhua International Limited (USA) (merger)	Equity Investment	1,198,408,135.25	The United States	R&D, Manufacturing, Marketing and Investment Management	Financial supervision and external audit	-20,604,138.42		No
Sanhua International Singapore PTE. Ltd. (merger)	Equity Investment	2,234,799,870.35	Singapore	Manufacturing, Marketing and Investment Management	Financial supervision and external audit	32,301,884.25		No

III. Core Competitiveness Analysis

1. Clear strategic layout

The Company adheres to the "focus on leading" business path, takes the research and application of heat pump inverter control technology and thermal management system products as the core, firmly grasps the development theme of energy conservation, environmental protection and intelligent control, upgrades from "mechanical parts development" to "system control technology solution development of electronic control integration". The Company's product series are expanded from household A/C and refrigerator components to the field of commercial A/C and commercial refrigeration, and extending to the direction of inverter control technology and system integration and upgrading. Meanwhile, after the injection of automotive business, it will give full play to the synergy effect with the original business, continue to deepen the research and development of automobile A/C and new energy vehicle thermal management system components, and actively lay out the deeper application of thermal management components and subsystems in the automotive field, so as to provide global customers with competitive environmental intelligent control solutions.

2. Technology leading, customer oriented

As a national high-tech enterprise, the Company has always adhered to the technological route of independent development and innovation. For decades, it has focused on the field of intelligent control and vigorously cultivated core technologies with independent intellectual property rights. It has been granted patents both domestic and abroad, including invention patents. All products, services and quality of the Company are to meet the needs of customers as the first priority.

3. Quality assurance, scale economy effect

The Company's products cover refrigeration A/C electrical components and automotive components industry. The market share of the Company's Electronic Expansion Valve, Four-way Reversing Valve, Solenoid Valve, Microchannel Heat Exchanger, Automotive Electronic Expansion Valve, Omega Pump ranks first globally. The market share of Service Valve, Vehicle Thermal Expansion Valve and Receiver Drier is in the leading position in the world. The Company has established a complete and strict quality assurance system, passed ISO9001, IATF16949, QC080000 quality system certification. The Company won the National Quality Award, Zhejiang Quality Award, and won the high comments from JCI, Daikin, Carrier, Gree, Midea, Haier, Toyota, Benz, Volkswagen, Valeo, Mahler and other well-known enterprises at home and abroad.

4. Advantages of global marketing network and production base

Since the 1990s, the Company has focused on expanding the international market, and has established overseas subsidiaries in Japan, South Korea, Singapore, the United States, Mexico, Germany and other places to build a global marketing network. At the same time, it has established overseas production bases in the United States, Poland, Mexico, Vietnam and other places, and has preliminary ability to cope with globalization. And in practice, we have trained a number of management talents who can meet the needs of business development in different countries and regions.

Section IV Management's Discussion and Analysis of Operations

I. Overview

In the first half of 2020, under the influence of the COVID-19, strict epidemic prevention and control measures were implemented at home and abroad, and the downward pressure on the economy was further increased. In addition, the economic and trade friction between China and the United States brought adverse effects on the Company's operation and market expectations. Specific to the industry in which the Company operates, the Company's refrigeration and air conditioning electrical components business is affected by the epidemic, and the overall performance is under pressure in the short term. However, with the inventory clearance of the industry and the release of new energy efficiency standards for air conditioning, the demand has gradually begun to recover, even reaching a new high point. The automotive components business has been greatly affected by the overall decline of the automobile industry, but the long-term development trend of new energy vehicles is strong, and the cumulative positive growth has been achieved.

During the reporting period, the operating revenue is RMB 5.318 billion, a year-on-year decrease of 8.80%; the operating profit is RMB 740 million, a year-on-year decrease of 10.86%; the net profit attributable to shareholders of the listed Company is RMB 643 million, a year-on-year decrease of 7.14%. The operating revenue of refrigeration and air conditioning electrical components business is RMB 4.368 billion, a year-on-year decrease of 13.79%; the operating revenue of automotive components business is RMB 950 million, a year-on-year increase of 24.34%.

The main works of the Company in the first half of 2020 are as follows:

1. Focus on operation and deepen industrial layout

(1). Refrigeration and air conditioning electrical components business

The Company's refrigeration and air conditioning electrical components business was negatively affected by the epidemic. Under the pressure of a sharp decline in the first quarter, the Company paid close attention to the market trend, actively adjusted the market strategy, further strengthened the strategic relationship with customers externally, seized orders, and steadily increased the market share, of which sales in May and June increased significantly. Internally, we will continue to sort out the integration of Aweco business, implement budget management, IE improvement and other measures to promote internal efficiency and cost reduction. At the same time, with the release of new energy efficiency standards for air conditioning, we will actively seize market opportunities such as energy efficiency upgrading and refrigerant switching, and continue to promote more competitive products.

(2). Automotive components business

In the first half of 2020, the global economy was affected by the epidemic at home and abroad in succession, and the automobile industry as a whole was greatly affected. On the premise of epidemic prevention and control, the automotive components business deal with the order delivery of overseas customers; at the same time, it actively promote the integrated module project among existing customers, so as to make the thermal management products more standardized, integrated and platform-based. At the same time of striving for the

new project of existing customers, we actively develop new customers, realized the ice breaking of Japanese customers, and successfully entered the Toyota supplier system.

2. Unite as one and fight against the epidemic together

After the outbreak of the epidemic, under guidance of government departments, the Company focused on the prevention and control of the epidemic on one hand and the resumption of production on the other hand. In each subsidiary company around the world, timely implement the anti-epidemic material reserve, overcome plenty of difficulties, implement of resumption of work in batches, provide timely product service for customers, and ensure the normal operation and production.

3. Pay attention to the construction of talent team and establish sustained and long-term incentive mechanism

The Company continues to deepen the work of "strengthening the talents, streamlining and high efficiency", promoting each business unit to optimize the talent development and elimination mechanism, and comprehensively apply the talent review results. At the same time, during the reporting period, the Company implemented the second restricted stock incentive plan for directors, senior managers and other core talents, and further established and improved the Company's long-term incentive mechanism.

II. Main Business Analysis

Overview

Please refer to details in "I. Overview" of "Section IV Management's Discussion and Analysis of Operation"

Changes in key financial data over the corresponding period of last year

Unit: RMB

	Current Reporting Period	Corresponding Period of Last Year	YoY Change (%)	Note of Change
Operating Revenue	5,318,178,626.77	5,831,107,028.08	-8.80%	
Operating Cost	3,839,626,004.70	4,179,915,713.98	-8.14%	
Selling Expenses	257,442,500.54	263,730,876.93	-2.38%	
Administrative Expenses	315,350,745.15	304,294,733.96	3.63%	
Financial Expenses	-29,893,397.04	12,364,734.89	-341.76%	Mainly due to gains on exchange rate fluctuation
Income Tax Expenses	99,017,348.37	142,881,546.88	-30.70%	Mainly due to decrease in operating revenue
R&D Investments	240,012,928.38	248,506,405.93	-3.42%	
Net Cash Flows from Operating Activities	1,104,651,449.42	830,554,910.93	33.00%	Mainly due to decrease in cash payment for goods and services in the current period

Net Cash Flows from Investment Activities	-679,392,344.66	227,848,099.26	-398.18%	Mainly due to increase in purchase of financial products in this period
Net Cash Flows from Financing Activities	310,293,217.58	-646,477,650.98	148.00%	Mainly due to increase in bank loan
Net Increase in Cash and Cash Equivalents	709,896,200.36	408,595,409.47	73.74%	

Whether there is significant change in Company's profit structure or profit source during the reporting period

Applicable Not applicable

There is no such case during the reporting period

Operating income structure

Unit: RMB

	Current Reporting Period		Corresponding Period of Last Year		YoY Change (%)
	Amount	Proportion to operating income	Amount	Proportion to operating income	
Total Revenue	5,318,178,626.77	100%	5,831,107,028.08	100%	-8.80%
Classified by Industry					
General Equipment Manufacturing Industry	5,318,178,626.77	100.00%	5,831,107,028.08	100.00%	-8.80%
Classified by Products					
Refrigeration A/C Electrical Components	4,367,942,431.64	82.13%	5,066,906,018.45	86.89%	-13.79%
Automotive Components	950,236,195.13	17.87%	764,201,009.63	13.11%	24.34%
Classified by Region					
Domestic	2,479,768,382.72	46.63%	2,932,950,932.66	50.30%	-15.45%
Overseas	2,838,410,244.05	53.37%	2,898,156,095.42	49.70%	-2.06%

Industries, products or regions accounting for more than 10% of the Company's operating income or operating profit

Applicable Not applicable

Unit: RMB

	Operating income	Operating cost	Gross margin	YoY Change (%) of operating	YoY Change (%) of operating cost	YoY Change (%) of gross margin

				income		
Classified by industry						
General Equipment Manufacturing Industry	5,318,178,626.77	3,839,626,004.70	27.80%	-8.80%	-8.14%	-0.52%
Classified by product						
Refrigeration A/C Electrical Components	4,367,942,431.64	3,164,066,988.85	27.56%	-13.79%	-13.65%	-0.12%
Automotive Components	950,236,195.13	675,559,015.85	28.91%	24.34%	31.03%	-3.63%
Classified by region						
Domestic	2,479,768,382.72	1,745,269,588.31	29.62%	-15.45%	-16.96%	1.28%
Overseas	2,838,410,244.05	2,094,356,416.39	26.21%	-2.06%	0.77%	-2.08%

In the case that the Company's main business data statistics are adjusted during the reporting period, the Company's main business data of the latest reporting period were adjusted according to the statistics at the end of the last reporting period

Applicable Not applicable

Explanations on relevant data changed for more than 30% on a year-over-year base

Applicable Not applicable

The operating cost of auto parts increased by 31.03% over the same period of last year, mainly due to the increase of 24.34% in operating revenue.

III. Non-Core Business Analysis

Applicable Not applicable

Unit: RMB

	Amount	Proportion to net profit	Note of Change	Sustainability
Investment Income	-8,109,921.96	-1.10%	Gains and losses of futures contract settlement, foreign exchange forward contract settlement, bank financial product, etc.	No
Gains and Losses from Change of Fair Value	6,520,045.96	0.88%	Floating income of futures contracts, foreign exchange forward contracts, bank financial products, etc.	No

Non-operating Revenue	1,466,984.81	0.20%	Failure to pay, compensation and penalty income, etc.	No
Non-operating Expenditures	1,354,079.15	0.18%	Loss on scrapping of fixed assets, etc.	No
Other Gains	101,528,141.23	13.72%	Government grants, etc.	The government grants of VAT refund of civil welfare enterprises and software product VAT exceeding tax burden are sustainable, while the rest are not sustainable
Credit Impairment Loss	-12,874,290.80	-1.74%	Bad debt loss, etc.	No
Assets Impairment Loss	-6,302,857.17	-0.85%	Loss on impairment of inventories	No
Gains on Disposal of Properties	-319,355.00	-0.04%	Gains on disposal of fixed assets	No

IV. Analysis of Assets and Liabilities

1. Material changes of assets

Unit: RMB

	At the End of Current Reporting Period		At the End of Corresponding Period of Last Year		YoY Change (%)	Note of significant change
	Amount	Percentage of total assets	Amount	Percentage of total assets		
Cash and Bank Balances	3,412,040,819.22	21.96%	1,688,352,692.35	12.13%	9.83%	Mainly due to the increase of net cash flow generated by the Company's operating activities
Account Receivable	2,130,607,685.90	13.71%	2,187,524,138.75	15.71%	-2.00%	
Inventories	1,902,896,386.17	12.24%	1,804,997,672.73	12.96%	-0.72%	
Investment property	26,263,000.26	0.17%	76,238,924.18	0.55%	-0.38%	
Long-term Equity Investment	14,348,933.44	0.09%	11,813,021.01	0.08%	0.01%	
Fixed Assets	3,625,967,658.	23.33%	3,040,588,886.	21.84%	1.49%	

	09		33			
Construction in Progress	492,864,704.94	3.17%	640,806,251.81	4.60%	-1.43%	
Short-term borrowings	1,267,378,241.24	8.16%	1,408,757,665.49	10.12%	-1.96%	
Long-term borrowings	1,259,113,765.14	8.10%	2,000,000.00	0.01%	8.09%	Mainly due to increased bank loans for project construction and automation equipment transformation,

2. Assets and liabilities measured at fair value

Applicable Not applicable

Unit: RMB

Items	Opening balance	Profit and loss of fair value change in the current period	Cumulative changes in fair value included in equity	Impairment accrued in the current period	Current purchase amount	Current sale amount	Other changes	Closing balance
Financial Assets								
1. Held-for-trading financial assets (Excluding Derivative Financial Assets)	993,634,433.31	-300,099.30			228,200,957.00			1,221,535,291.01
2. Derivative Financial Assets	8,314,400.73	15,393,725.59						23,708,126.32
Total	1,001,948,834.04	15,093,626.29			228,200,957.00			1,245,243,417.33
Financial Liabilities	126,364.40	8,323,248.69						8,449,613.09

Whether there were any material changes on the measurement attributes of major assets of the Company during the reporting period:

Yes No

3. Assets right restrictions as of the end of reporting period

Items	Closing Book value	Reasons for being restricted
Cash and Bank Balances	148,361,603.85	Deposits and investment deposits
Note Receivable	1,264,550,094.76	Pledge for financing
Total	1,412,911,698.61	-

V. Analysis of Investments**1. Overview**

Applicable Not applicable

Investment during the Reporting Period (RMB)	Investment over the Corresponding Period of Last Year (RMB)	Fluctuation Rate (%)
0.00	9,238,318.85	-100.00%

2. Significant equity investment during the reporting period

Applicable Not applicable

3. Significant non-equity investment during the reporting period

Applicable Not applicable

4. Financial asset portfolio**(1) Securities Investments**

Applicable Not applicable

No such case in the reporting period.

(2) Derivatives Investments

Applicable Not applicable

Unit: RMB in 10 thousand

Operation party of derivatives investment	Whether Related party	Whether related transaction	Type of derivatives investment	Initial investment amount of derivatives investment	Initial date	Termination date	Opening investment amount	Purchased amount during the reporting period	Sold amount during the reporting period	Impairment provisions (if any)	Closing investment amount	Proportion of closing investment amount to the Company's net assets at the end of the reporting period	Actual gain or loss during the reporting period
Futures Company, Bank	No	No	Futures contracts, foreign exchange forward contracts, etc.										
Total					--	--							
Capital source of derivatives investment				Company's self-fund									
Prosecution (if applicable)				Not applicable									
Announcement date for approvals of derivatives investment from the board of directors (if any)													
Announcement date for approvals of derivatives investment from the general meeting (if any)													
Risk analysis and control measures (including but not				In order to avoid the price risk of raw materials and exchange rate risk, the Company and its subsidiaries have carried out derivative									

limited to, market risk, liquidity risk, credit risk, operational risk, legal risk, etc.) of holding derivatives during the reporting period	business, including futures contracts and foreign exchange forward contracts. The Company and its subsidiaries strictly implement the relevant provisions listed in the <i>Management measures for operation of futures hedging business</i> and <i>Management institution for foreign exchange hedging business</i> .
Change of market price or fair value of invested derivatives during the reporting period; specific methods, related assumptions and parameter setting of the derivatives' fair value analysis should be disclosed	At the beginning of the reporting period, the floating income of invested derivatives at fair value was RMB 8.188 million, and that of derivatives at the end of the reporting period was RMB 15.2585 million.
During the current reporting period, whether there was significant changes of accounting policies and accounting principles of the Company's derivatives comparing to the prior reporting period	Not applicable
Specific opinions on the Company's derivatives investments and risk control from independent directors	Not applicable

5. Usage of raised funds

√Applicable □Not applicable

(1) Overall usage of raised fund

√Applicable □Not applicable

Unit: RMB in 10 thousand

Total Amount of Raised Funds	171,631
Total Amount of Raised Funds Invested in the Report Period	24,588.33
Accumulated Amount of Fund Raised	141,274.52
Total Amount of Raised Funds with Use Alteration during the Reporting Period	0
Accumulated Amount of Raised Funds with Use Alteration	11,471.76
Proportion of Accumulated Amount of Raised Funds with Use Alteration to the Total Amount of Raised Funds	6.68%

Description of Overall Usage of Raised Funds

The information in the above table includes the raised funds issued by the Company in 2015 and 2017.

(1) Year 2015**1. The actual amount of raised fund and date of transfer in**

Approved by China Securities Regulatory Commission (CSRC) [2015] No. 1454, the Company non-public offered 46,349,942 common shares, with a total raised fund of RMB 399,999,999.46. After deducting the issuance expenses of RMB 5,999,999.47, the net amount of raised funds is RMB 393,999,999.99. The raised funds were transferred in on December 21st, 2015, and it has been verified by Tianjian accounting firm, which has issued the *Capital Verification Report (TJY [2015] No. 531)*.

As the principal body of the project is Hangzhou Sanhua Microchannel Heat Exchanger Co., Ltd. (hereinafter referred to as Sanhua Microchannel) and its subsidiary Sanhua Mexico Industry s. de.r.l.de C.V. (hereinafter referred to as Mexico Microchannel), the Company allocated RMB 393,999,999.99 of raised funds to Sanhua Microchannel in the form of capital increase on December 29th, 2015.

2. Usage and balance of raised funds

The Company has used RMB 345.6904 million of raised funds in previous years. The amount of bank deposit interest and financial income net of bank charges received in previous years was RMB 12.2878 million. The surplus balance of raised funds amounted to RMB 26,100, all of which has been used to permanently replenish the Company's working capital. From January to June 2020, the actual use of raised funds is RMB 5.3660 million, the amount of bank deposit interest and financial income after deducting bank charges is RMB 444,100. The surplus balance of raised funds amounted to RMB 55.6494 million, all of which

has been used to permanently replenish the Company's working capital. The accumulated amount of used raised funds was RMB 351.0564 million, the accumulated amount of bank deposits interest and financial income after deducting bank charges is RMB 12.7319 million. The accumulated surplus balance of raised funds amounted to RMB 55.6755 million, all of which has been used to permanently replenish the Company's working capital.

As of June 30th, 2020, the balance of raised funds is RMB 0.000 (including the net amount of accumulated bank deposit interest and financial income net of bank charges, etc.).

(1) Year 2017

1. The actual amount of raised fund and date of transfer in

With the approval of China Securities Regulatory Commission (CSRC) [2017] No. 1392, the Company non-public issued 88,154,000 common shares (A shares), with a total raised capital of RMB 1,322,310,000.00. After deducting the issuance expenses of RMB 13,078,480.00, the net amount of raised funds is RMB 1,309,231,520.00. The above-mentioned raised funds were transferred in on September 1st, 2017, and it has been verified by Tianjian accounting firm, which has issued the *Capital Verification Report (TJY [2017] No. 327)*.

Since Zhejiang Sanhua Automotive Components Co., Ltd. (hereinafter referred to as Sanhua Automotive) and its subsidiary Shaoxing Sanhua New Energy Automotive Components Co., Ltd. (hereinafter referred to as Shaoxing Automotive), the Company has allocated the raised funds of RMB 1,301,310,000.00 to Sanhua Automotive in the form of capital increase. Sanhua Automotive synchronously allocated the raised fund of RMB 503,620,000.00 to Shaoxing Automotive in the form of capital increase.

2. Usage and balance of raised funds

The Company has used RMB 821.1715 million of the raised funds in previous years, and the amount of bank deposit interest and financial income net of bank charges received in previous years was RMB 77.6239 million. From January to June 2020, the actual usage of raised funds is RMB 240.5173 million, and the amount of bank deposit interest and financial income net of bank charges is RMB 10.4168 million. The accumulated amount of used raised funds was RMB 1,061.6888 million, the accumulated amount of bank deposits interest and financial income after deducting bank charges is RMB 88.0407 million.

As of June 30th, 2020, the balance of raised funds is RMB 48.6619 million (including the net amount of accumulated bank deposit interest and financial income deducting bank charges, etc.), and the balance of raised funds actually used by the Company to purchase financial products is RMB 300 million.

(2) Statement of Committed Investment Projects of Raised Funds

Applicable Not applicable

Unit: RMB in 10 thousand

Committed investment projects and allocation of over-raised funds	Whether project has	Total committed invest	Total investment after	Investment in the current	Accumulative investment at	Investment progresses at the	Date of asset ready for	Benefits achieved in the	Whether expected	Whether feasibility of
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	been (or partiall y) altered	ment of raised funds	alterati on (a)	year	the end of the period (b)	end of the period (%) (d)=(b) /(a)	intende d use	current year	benefit s have been achieve d	project has change d signific antly
Committed investment projects										
Construction of Microchannel Heat Exchanger production line in Mexico	Yes	22,755	11,760		11,739.6	99.83%	Decem ber 31 st , 2017		N/A	Yes
Technical transformation project of heat exchanger with an annual output of additional 800,000 units	No	7,996	7,996		7,996	100.00%	June 30 th , 2017		N/A	No
Replenish working capital	No	9,249	9,249		8,649	93.51%			N/A	No
Automatic technical transformation project of heat exchanger with an annual output of additional 700,000 units	No		11,471.76	536.6	6,721.04	58.59%	Decem ber 31 st , 2019		N/A	No
New energy auto parts construction project with annual output of 11.5 million sets	No	50,362	50,362	13,539.96	42,101.14	83.60%	Decem ber 31 st , 2021		N/A	No
Technical transformation project of Automotive thermal management system module with an annual output of additional 7.3 million units	No	45,495	45,495	9,638.25	34,866.02	76.64%	January 31 st , 2021		N/A	No

Technical transformation project of Automotive A/C control components with an annual output of additional 12.70 million units	No	20,874	20,874	754.82	18,614.65	89.18%	March 31 st , 2020		N/A	No
Expansion of product testing room and auxiliary production room project	No	13,400	13,400	118.7	8,529.22	63.65%	January 31 st , 2019		N/A	No
Payment of agents' fees	No	2,100	2,100		2,057.85	97.99%			N/A	No
Subtotal of committed investment projects	--	172,231	172,707.76	24,588.33	141,274.52	--	--		--	--
Investment of excess proceeds										
--										
Total	--	172,231	172,707.76	24,588.33	141,274.52	--	--	0	--	--
The situation and reasons of not reaching the planned schedule or expected income (by specific project)	<p>Funds raised in 2015:</p> <p>After deliberation and approval of the board of directors on August 6th, 2016, the date of asset ready for intended use of " Technical transformation project of heat exchanger with an annual output of additional 800,000 units " was extended from June 2016 to June 2017, and other contents of the project remained unchanged. This project has been completed.</p> <p>After deliberation and approval of the board of directors on November 30th, 2017, the Company made some changes to the purpose of the raised funds for the " Construction of Microchannel Heat Exchanger production line in Mexico", and transferred the remaining raised funds into " Automatic technical transformation project of heat exchanger with an annual output of additional 700,000 units". The new project plans to use RMB 114.7176 million of raised funds (including RMB 4.7676 million of bank deposit interest and financing income of raised funds), accounting for 29.12% of the net amount of funds raised in 2015. Reasons for the change: In order to accelerate the development of Microchannel business, improve the level of technical equipment, realize the adjustment and upgrading of product structure, and give full play to the resource advantages of Sanhua Microchannel Hangzhou factory in R&D, technology, equipment, and improve the utilization efficiency of raised funds. The Company postponed the investment in the third production line and other related supporting facilities of Mexico project. The investment of the third production line and other supporting facilities in Mexico project shall be arranged by the Company with own funding.</p>									

	<p>Funds raised in 2017:</p> <p>(1) After deliberation and approval by the board of directors of the Company on April 1st, 2019, the date of asset ready for intended use of " Technical transformation project of Automotive thermal management system module with an annual output of additional 7.3 million units " and " Technical transformation project of Automotive A/C control components with an annual output of additional 12.70 million units " was extended from January 2019 to January 2021, the other contents of the project will remain unchanged. Reasons for the change: Combined with the existing product structure and market trend, the Company adopts the strategy of prudent use and reasonable investment for the raised funds. As the new equipment tends to be more intelligent and systematic, the Company selects the equipment according to the latest technical requirements and product models, so that the investment progress of new equipment of the project is later than expected. On March 31st, 2020, " Technical transformation project of Automotive A/C control components with an annual output of additional 12.70 million units " has been completed.</p> <p>(2) After deliberation and approval by the board of directors on April 27th, 2020, the date of asset ready for intended use of " New energy auto parts construction project with annual output of 11.5 million sets" was extended from December 2019 to December 2021, and other contents of the project remained unchanged. Reasons for the change: Combined with the existing product structure and market trend, the Company adopts the strategy of prudent use and reasonable investment for the raised funds. In combination with customer feedback and production scheduling plan, the Company will gradually release the production capacity according to the actual customer demand. In order to ensure that the investment progress can meet the actual production demand, the Company will adjust the equipment procurement timing of the raised fund investment project according to the customer's actual requirements, thus extend the investment period of the raised fund investment project.</p>
Significant changes in the feasibility of projects	<p>Funds raised in 2015:</p> <p>1. Basic information about the change of projects invested by raising funds</p> <p>After deliberation and approval of the board of directors on November 30th, 2017, the Company made some changes to the purpose of the raised funds for the " Construction of Microchannel Heat Exchanger production line in Mexico", and transferred the remaining raised funds into " Automatic technical transformation project of heat exchanger with an annual output of additional 700,000 units". The new project plans to use RMB 114.7176 million of raised funds (including RMB 4.7676 million of bank deposit interest and financing income of raised funds), accounting for 29.12% of the net amount of funds raised in 2015.</p> <p>2. Reasons for the change of the project invested by raising funds</p> <p>In order to accelerate the development of Microchannel business, improve the level of technical equipment, realize the adjustment and upgrading of product structure, and give full play to the resource advantages of Sanhua Microchannel Hangzhou factory in R&D, technology, equipment, and improve the utilization efficiency of raised funds. The Company postponed the investment in the third production line and other related supporting facilities of Mexico project. The investment of the third production line and other supporting facilities in Mexico project shall be arranged by the Company with own funding.</p>

	<p>3. Decision making procedures for the change of projects invested by raising funds</p> <p>The change of raised investment project was approved by the board of directors of the Company on November 30th, 2017.</p> <p>4. Information disclosure of changes in projects invested by raised funds</p> <p>On December 2nd, 2017, the Company disclosed the <i>Announcement on Changing the Usage of Part Raised Funds (Announcement No.: 2017-078)</i>.</p>
Amount, usage and use progress of over-raised Funds	Not applicable
Change in implementation location of investment projects of Raised Funds	Not applicable
Adjustment to implementation method of investment projects of Raised Funds	Not applicable
Advance investment and replacement of projects invested with raised funds	<p>Applicable</p> <p>Raised funds in 2015: In 2016, the Company replaced the initial investment amount with raised funds of RMB 72.6453 million.</p> <p>Funds raised in 2017: In 2017, the Company replaced the initial investment amount by raised funds of RMB 140.5585 million.</p>
Temporary supplement of working capital with idle raised funds	Not applicable
The amount and reasons of the balance of raised funds in the project implementation	<p>Applicable</p> <p>After deliberation and approval of the board of directors on November 30th, 2017, the Company made some changes to the purpose of the raised funds for the " Construction of Microchannel Heat Exchanger production line in Mexico", and transferred the remaining raised funds into " Automatic technical transformation project of heat exchanger with an annual output of additional 700,000 units". The new project plans to use RMB 114.7176 million of raised funds (including RMB 4.7676 million of bank deposit interest and financing income of raised funds), accounting for 29.12% of the net amount of funds raised in 2015.</p> <p>In order to accelerate the development of Microchannel business, improve the level of technical equipment, realize the adjustment and upgrading of product structure, and give full play to the resource</p>

	<p>advantages of Sanhua Microchannel Hangzhou factory in R&D, technology, equipment, and improve the utilization efficiency of raised funds. The Company postponed the investment in the third production line and other related supporting facilities of Mexico project. The investment of the third production line and other supporting facilities in Mexico project shall be arranged by the Company with own funding.</p> <p>In April 2020, with the approval of the board of directors of the Company, the " Expansion of product testing room and auxiliary production room project " and " Technical transformation project of Automotive A/C control components with an annual output of additional 12.70 million units " implemented by Sanhua Automotive and the " Automatic technical transformation project of heat exchanger with an annual output of additional 700,000 units " implemented by Microchannel were completed.</p> <p>Among them, " Expansion of product testing room and auxiliary production room project " and " Automatic technical transformation project of heat exchanger with an annual output of additional 700,000 units " were completed on December 31st, 2019, and the " Technical transformation project of Automotive A/C control components with an annual output of additional 12.70 million units " was complete on March 31st, 2020.</p> <p>On March 31st, 2020, the final payment of " Expansion of product testing room and auxiliary production room project " is about RMB 17.1548 million, which is to be paid by the raised funds according to the contract. The ending balance of the project is about RMB 32.74 million. The usage will be determined after performing the relevant approval procedures.</p> <p>On March 31st, 2020, the final payment of " Technical transformation project of Automotive A/C control components with an annual output of additional 12.70 million units " is about RMB 20.1527 million, which is to be paid with raised funds according to the contract, and the ending balance of the project is about RMB 19.9369 million (including the net amount of accumulated bank deposit interest and financial income deducting bank charges). The usage shall be determined after relevant approval procedures.</p> <p>On March 31, 2020, the ending balance of " Automatic technical transformation project of heat exchanger with an annual output of additional 700,000 units " was RMB 55.8663 million (including the net amount of accumulated bank deposit interest and financial income net of bank charges, and the unpaid balance of equipment of RMB 21.5949 million. The actual amount shall be subject to the balance of the special account on the day when the fund is transferred out.). According to the resolution of the board of directors on April 27, 2020, the ending balance of the project is proposed to replenish working capital, and the remaining equipment balance to be paid shall be paid with its own funds. As of June 30th, 2020, the actual balance of RMB 55.6494 million has been used to replenish the working capital permanently.</p>
Use of unused raised funds	It is deposited in the special account of raised funds and used to purchase bank financial products.
Problems or other	No

situations in the use and disclosure of raised funds	
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(3) Statement of Altered Investment Projects of Raised Funds

√ Applicable □ Not applicable

Unit: RMB in 10 thousand

Project after alteration	Project before alteration	Total Raised Funds to be invested to the project after alteration (a)	Actual investment in the current year	Actual accumulative investment (b)	Investment progress (%) (c)=(b)/(a)	Date of asset ready for intended use	Benefits achieved in the current year	Whether expected benefits have been achieved	Whether feasibility of project has changed significantly
Automatic technical transformation project of heat exchanger with an annual output of additional 700,000 units	Construction of Microchannel Heat Exchanger production line in Mexico	11,471.76	536.6	6,721.04	58.59%	December 31 st , 2019		Not applicable	No
Total	--	11,471.76	536.6	6,721.04	--	--	0	--	--
Alteration reason, decision making progress and information disclosure (of a specific project)		<p>1. Basic information about the change of projects invested by raising funds</p> <p>After deliberation and approval of the board of directors on November 30th, 2017, the Company made some changes to the purpose of the raised funds for the "Construction of Microchannel Heat Exchanger production line in Mexico", and transferred the remaining raised funds into "Automatic technical transformation project of heat exchanger with an annual output of additional 700,000 units". The new project plans to use RMB 114.7176 million of raised funds (including RMB 4.7676 million of bank deposit interest and financing income of raised funds), accounting for 29.12% of the net amount of funds</p>							

	<p>raised in 2015.</p> <p>2. Reasons for the change of the project invested by raising funds</p> <p>In order to accelerate the development of Microchannel business, improve the level of technical equipment, realize the adjustment and upgrading of product structure, and give full play to the resource advantages of Sanhua Microchannel Hangzhou factory in R&D, technology, equipment, and improve the utilization efficiency of raised funds. The Company postponed the investment in the third production line and other related supporting facilities of Mexico project. The investment of the third production line and other supporting facilities in Mexico project shall be arranged by the Company with own funding.</p> <p>3. Decision making procedures for the change of projects invested by raising funds</p> <p>The change of raised investment project was approved by the board of directors of the Company on November 30th, 2017.</p> <p>4. Information disclosure of changes in projects invested by raised funds</p> <p>On December 2nd, 2017, the Company disclosed the <i>Announcement on Changing the Usage of Part Raised Funds (Announcement No.: 2017-078)</i>.</p>
The situation and reasons of not reaching the planned schedule or expected income (by specific project)	Not applicable
Description of significant changes in the feasibility of the changed project	Not applicable

6. Non-fundraising investment in significant projects during the reporting period

Applicable Not applicable

Unit: RMB in 10 thousand

Project	Total planned investment	Investment amount in the reporting period	Accumulated actual investment amount as of the end of the report period	Investment progress	Benefits achieved in the current year	Disclosure date (if any)	Disclosure index (if any)
Vietnam Industrial Plant Project	38 million USD	2,115.78	11,026.38	40.99%	Not applicable (only production function,		

					material supply and product sales are undertaken by related parties, and project benefits cannot be calculated separately)		
Construction project of commercial refrigeration and air conditioning intelligent control components with annual output of 65 million sets	178,055	655.5	5,860.96	3.29%	Not applicable (the sales of the products are undertaken by the related parties, and the benefits of the project cannot be calculated separately)		
Total	-	2,771.28	16,887.34	--	--	--	--

VI. Disposal of Significant Assets and Equity

1. Disposal of significant assets

Applicable Not applicable

During the reporting period, there was no disposal of significant assets

2. Sale of significant equity

Applicable Not applicable

VII. Analysis of Major Subsidiaries and Investees

Applicable Not applicable

Information about major subsidiaries, and investees that contribute above 10% of the Company's net Profit

Unit : RMB

Company name	Company type	Principal business	Registered capital	Total assets	Net assets	Operating revenue	Operating profit	Net profit
Zhejiang Sanhua Climate & Appliance Controls Group Co., Ltd.	Subsidiary	Refrigeration and A/C electrical components manufacturing and marketing	250 million	3,232,488,916.03	3,058,812,324.23	508,458,014.81	95,872,764.44	81,926,735.08
Hangzhou Sanhua Microchannel Heat Exchanger Co., Ltd.	Subsidiary	Refrigeration and A/C electrical components manufacturing and marketing	360 million	1,555,917,273.38	1,080,336,030.91	606,537,105.77	93,943,423.10	78,791,505.08
Zhejiang Sanhua Trading Co., Ltd.	Subsidiary	Refrigeration and A/C electrical components marketing	50 million	2,991,565,951.62	89,744,313.32	1,629,816,923.74	-20,435,663.09	-17,443,438.09
Zhejiang Sanhua Automotive Components Co., Ltd	Subsidiary	Automotive components manufacturing and marketing	1,460 million	3,522,572,484.15	2,789,986,415.80	950,236,195.13	196,052,902.07	170,228,217.65
Sanhua International Limited (USA) (merger)	Subsidiary	Refrigeration and A/C electrical components manufacturing marketing and investment	37.55 million USD	1,198,408,135.25	202,888,640.33	1,104,653,615.62	-20,221,409.40	-20,604,138.42

		managem ent						
Sanhua Internation al Singapore PTE. Ltd. (merger)	Subsidiary	Refrigerati on and A/C electrical component s manufactur ing marketing and investment managem ent	75.58 million USD	2,234,799, 870.35	574,784,67 7.46	1,527,163, 374.13	43,520,582 .16	32,301,884 .25

Information about obtaining and disposal of subsidiaries during the reporting period

Applicable Not applicable

Company name	Equity acquisition and disposal method during the reporting period	Impact on overall production results Hangzhou
AWECO Electric Equipment (Shanghai) Co., Ltd.	Liquidation cancellation	No significant impact
Hangzhou Sanhua Household Thermal Management System Co., Ltd.	Liquidation cancellation	No significant impact

VIII. Structural Entities Controlled by the Company

Applicable Not applicable

IX. Guidance on the Company's Operational Result from January 1st 2020 to September 30th 2020

Applicable Not applicable

X. Risks of the Company and Countermeasures

1. Risk of raw material price fluctuation

The raw materials required by the Company are copper, aluminum, etc., which account for a large proportion in the product cost composition. Therefore, the fluctuation of the market price of raw materials will bring greater cost pressure to the Company. The Company will reduce the adverse impact of raw material price fluctuation by establishing linkage pricing mechanism and bulk commodity future hedging operations.

2. Risk of rising labor costs

The Company's labor cost has been increasing annually, which has compressed the Company's profit space to a

certain extent. In the future, the Company will continue to promote lean production, process improvement, technical transformation, etc. to improve the degree of automation and labor production efficiency.

3. Risk of trade and exchange rate

The Company's foreign trade export volume is large, involving North America, Europe, Japan, Southeast Asia and other regions. The changes of the interregional trade policy have an impact to the Company's operation on a daily basis. The Company can cope with the risk of interregional trade by means of overseas transfer of production capacity. The fluctuation of exchange rate will have a certain impact on the Company's profits. According to the actual situation, the Company can cope with and reduce the risk of exchange rate fluctuation by means of long-term settlement of foreign exchange and the establishment of overseas production bases in the United States, Poland, Mexico, India, etc.

4. Risk of the impact of infectious diseases

The COVID-19 has spread worldwide since the beginning of 2020. The Company's refrigeration, A/C and electrical components, and auto parts business also suffer from the disease, since it affected production, supply and sales. The Company estimates that the uncertainty of the pandemic pneumonia will continue to affect the Company's revenues and profits. On the premise of meeting the requirements of epidemic prevention and control, the Company timely adjusted relevant business strategies and actively organized the resumption of work and production.

Section V Significant Events

I. Annual General Meeting and Extraordinary General Meetings Convened During the Reporting Period

1. Annual General Meeting convened during the current reporting period

Meeting	Nature	Proportion of participating investors	Convened Date	Disclosure Date	Disclosure Index
First Extraordinary General Meeting in 2020	Extraordinary General Meeting	11.86%	February 10 th 2020	February 11 st 2020	<i>The announcement of the resolution of the first extraordinary general meeting of shareholders in 2020 No. 2020-014 was published in Securities Times, Shanghai Securities News and CNINFO</i>
2019 Annual General Meeting of Shareholders	Annual General Meeting of Shareholders	15.23%	May 19 th 2020	May 20 th 2020	<i>The announcement on the resolution of the annual general meeting of shareholders in 2019 (2020-045) was published in Securities Times, Shanghai Securities News and CNINFO.</i>
Second Extraordinary General Meeting in 2020	Extraordinary General Meeting	15.21%	June 22 nd 2020	June 23 rd 2020	<i>The announcement on the resolution of the second extraordinary general meeting of shareholders in 2020 (2020-055) was published in Securities Times, Shanghai Securities</i>

					News and CNINFO.
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2. Extraordinary general meetings convened at the request of preferred shareholders with resumed voting rights

Applicable Not applicable

II. Profit distribution and conversion of capital reserve to share capital during the reporting period

Applicable Not applicable

Bonus share issued per 10 shares (share)	0
Cash dividend per 10 shares (RMB) (tax inclusive)	1
Additional shares converted from capital reserves for 10 shares (share)	0
Total capital share basis for the distribution proposal (share)	3,582,258,682
Total cash dividend (RMB) (tax inclusive)	358,225,868.20
Cash dividend amount in other ways (such as share repurchase) (RMB)	0.00
Total cash dividends (including other ways) (RMB)	358,225,868.20
Distributable profits (RMB)	1,082,646,144.47
Percentage of cash dividends of the total distributed profit (%)	33.09%
Cash dividends	
Other	
Detailed description of profit distribution or capital reserves conversion plan	
With 3,582,258,682 as the base number, cash dividend of RMB 1.00 (including tax) will be distributed to all shareholders for every 10 shares. A total of RMB 358,225,868.20 will be distributed.	

III. Complete and Incomplete Commitments of the Company and Its Actual Controller, Shareholders, Related parties, Acquirers, and Other Related Parties by the End of the Reporting Period

Applicable Not applicable

Commitments	Giver of commitments	Nature	Details of commitments	Date of commitments	Term of commitments	Performance
Commitment	Zhang Yabo,	Other	When the number of shares sold through listing	November 21 st	Long term	Strict

from reformation of shareholding	controlling shareholder Sanhua Holding Group Co., Ltd.	commitment	and trading in Shenzhen Stock Exchange reaches 1% of the total number of shares of the Company, it shall make an announcement within two working days from the date of the occurrence of the fact.	2005		performance
	Zhang Daocai, controlling shareholder Sanhua Holding Group Co., Ltd.	Commitment on horizontal competition, related party transactions and capital occupation	Zhang Daocai and Sanhua holding group, the controlling shareholder of the Company, promise that there will not be any competition with Sanhua intelligent controls in the business scope being or already carried out in the future.	January 5 th , 2009	Long term	Strict performance
	Zhang Daocai, controlling shareholder Sanhua Holding Group Co., Ltd.	Commitment on horizontal competition, related party transactions and capital occupation	Sanhua Holding Group promises: after the completion of this transaction, Sanhua Holding Group and Sanhua intelligent controls will sign an agreement according to law, perform legal procedures, fulfill the obligation of information disclosure and handle significant matters for approval in accordance with relevant laws, regulations, articles of association of Sanhua intelligent controls. In the process of implementation of related party transactions, we will follow the principle of legality and reasonableness, ensure the fairness of prices and procedures, and make certain that the legitimate interests of Sanhua intelligent controls and other shareholders will not be damaged through related party transactions.	January 5 th , 2009	Long term	Strict performance
	Zhang Daocai, Zhang Yabo, Zhang Shaobo, controlling shareholder Sanhua	Commitment on horizontal competition,	In order to avoid horizontal competition with Sanhua intelligent controls, Zhang Daocai, Zhang Yabo, Zhang Shaobo, Sanhua Holding Group the controlling shareholder of the Company, and Sanhua Lvneng Industry, the trading partner made the following	July 24 th , 2015	Long term	Strict performance

	Holding Group Co., Ltd., Zhejiang Sanhua Lvneng Industrial Group Co., Ltd.	related party transactions and capital occupation	<p>commitments:</p> <p>1. I (or the Company) will not directly or indirectly engage in or participate in the business that constitutes potential direct or indirect competition with Sanhua Intelligent Controls and its subordinate enterprises; guarantee that legal and effective measures shall be taken to urge other enterprises controlled by me (or the Company) not to engage in or participate in any business competing with Sanhua Intelligent Controls and its subordinate enterprises.</p> <p>2. If Sanhua Intelligent Controls further expands its business scope, I (or the Company) and other controlled enterprises will not compete with Sanhua Intelligent Controls' expanded business; if it is possible to compete with Sanhua Intelligent Controls' business after expansion, I (or the Company) and other controlled enterprises will withdraw from Sanhua Intelligent Controls in the following ways of competition: A. Stop the businesses that compete or may compete with Sanhua Intelligent Controls; B. Inject the competitive business into Sanhua Intelligent Controls; C. Transfer the competitive business to an unrelated third party.</p> <p>3. If I (or the Company) and other enterprises controlled by me (or the Company) have any business opportunities to engage in and participate in any activities that may compete with Sanhua Intelligent Controls' business operation, they shall immediately inform Sanhua Intelligent Controls of the above business opportunities. If Sanhua Intelligent Controls makes an affirmative reply to take advantage of the business opportunity within a reasonable period specified in the notice, it shall do its best to give the business opportunity to Sanhua Intelligent Controls.</p> <p>4. In case of breach of the above commitment, I (or the Company) is willing to bear all responsibilities arising therefrom and fully compensate all direct or indirect losses caused</p>			
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			to Sanhua Intelligent Controls.			
Zhang Daocai, Zhang Yabo, Zhang Shaobo, controlling shareholder Sanhua Holding Group Co., Ltd., Zhejiang Sanhua Lvneng Industrial Group Co., Ltd.	Comm itment on horizo ntal compe tition, related party transac tions and capital occupa tion		<p>In order to standardize the related party transactions with Sanhua Intelligent Controls, Zhang Daocai, Zhang Yabo, Zhang Shaobo, Sanhua Holding Group the controlling shareholder of the Company and Sanhua Lvneng Industrial the trading partner made the following commitments:</p> <p>1. I (or the Company) and the controlled enterprises will reduce the related party transactions with Sanhua intelligent controls as far as possible, and will not use their own status as shareholders of Sanhua intelligent controls to seek for superior rights in terms of business cooperation and other aspects compared with other third parties;</p> <p>2. I (or the Company) will not take advantage of the right to enter into a transaction with Sanhua intellectual controls using the position as a shareholder.</p> <p>3. If there are necessary and unavoidable related party transactions, I (or the Company) and the controlled enterprises will sign agreements with Sanhua intelligent controls in accordance with the principles of fairness, follow legal procedures, and perform the information disclosure obligations in accordance with the requirements of relevant laws, regulatory documents and the articles of association. It shall also perform relevant internal decision-making and approval procedures to ensure that it will not conduct transactions with Sanhua intelligent controls on terms that are obviously unfair compared with the market price, and will not use such transactions to engage in any behavior that damages the legitimate rights and interests of Sanhua intelligent controls and other shareholders.</p>	July 24 th , 2015	Long term	Strict performance
Zhang Daocai, Zhang Yabo, Zhang Shaobo, controlling	Other Comm itment		Zhang Daocai, Zhang Yabo, Zhang Shaobo and Sanhua holding Group, the controlling shareholder of the Company, made the following commitments: after the completion of the transaction, Sanhua intelligent controls will	July 24 th , 2015	Long term	Strict performance

shareholder Sanhua Holding Group Co., Ltd.		continue to improve the corporate governance structure and independent operation of the Company management system in accordance with the requirements of relevant laws and regulations and the articles of Association, and continue to maintain the independence of Sanhua intelligent controls in business, assets, finance, institutions, personnel, etc. to protect the interests of all shareholders.			
Zhejiang Sanhua Lvngeng Industrial Group Co., Ltd.	Comm itment of restrict ed shares	The shares acquired in this transaction shall not be transferred within 36 months from the listing date of new shares after the completion of the issuance; within 6 months after the completion of the transaction, if the closing price of the shares of the listed Company is lower than the issue price of the shares to purchase assets for 20 consecutive trading days, or if the closing price at the end of 6th month is lower than the issue price of the shares to purchase assets, the locking period of the shares acquired by the Company due to this transaction will be automatically extended for at least 6 months.	September 20 th , 2017	September 19 th , 2020	Strict performance
Zhang Daocai, Zhang Yabo, Zhang Shaobo, controlling shareholder Sanhua Holding Group Co., Ltd., Zhejiang Sanhua Lvngeng Industrial Group Co., Ltd.	Comm itment on horizo ntal compe tition, related party transac tions and capital occupa tion	1. I (or the Company) and the controlled enterprises will reduce the related party transactions with Sanhua intelligent controls as far as possible, and will not use the position as a shareholder of Sanhua intellectual controls to seek the superior rights for business cooperation with Sanhua intelligent controls compared with other third parties; 2. I (or the Company) will not use my position as a shareholder of Sanhua intellectual controls to seek for the priority right to cooperate with Sanhua intellectual controls; 3. If there are necessary and unavoidable related party transactions, I (or the Company) and the controlled enterprises will sign agreements with Sanhua intelligent controls in accordance with the principles of fairness, follow legal procedures, and perform the information disclosure obligations in accordance with the requirements of relevant laws, regulatory documents and the articles of association. It	September 18 th , 2017	Long term	Strict performance

			shall also perform relevant internal decision-making and approval procedures to ensure that it will not conduct transactions with Sanhua intelligent controls on terms that are obviously unfair compared with the market price, and will not use such transactions to engage in any behavior that damages the legitimate rights and interests of Sanhua intelligent controls and other shareholders.			
	Zhang Daocai, Zhang Yabo, Zhang Shaobo, controlling shareholder Sanhua Holding Group Co., Ltd., Zhejiang Sanhua Lvneng Industrial Group Co., Ltd.	Commitment on horizontal competition, related party transactions and capital occupation	<p>1. I (or the Company) will not directly or indirectly engage in or participate in any business that may constitute potential direct or indirect competition with Sanhua intelligent controls and its subordinate enterprises; guaranteed that legal and effective measures will be taken to urge other enterprises controlled by me (or the Company) not to engage in or participate in any business that is competitive with Sanhua intelligent controls and its subordinate enterprises Business.</p> <p>2. If Sanhua intelligent controls further expands its business scope, I (or the Company) and other enterprises controlled by me (or the Company) will not compete with Sanhua intelligent controls' expanded business; if it is possible to compete with Sanhua intelligent controls' business after expansion, I (or the Company) and other enterprises controlled by me (or the Company) will withdraw from Sanhua intelligent controls in the following ways of competition: A. stop the businesses that compete or may compete with Sanhua intelligent controls; B. inject the competitive business into Sanhua intelligent controls; C. transfer the competitive business to an unrelated third party.</p> <p>3. If I (or the Company) and other enterprises controlled by me (or the Company) have any business opportunities to engage in and participate in any activities that may compete with Sanhua intelligent controls' business operation, they shall immediately inform Sanhua intelligent controls of the above business opportunities. If Sanhua intelligent</p>	September 18 th , 2017	Long term	Strict performance

			controls makes an affirmative reply to take advantage of the business opportunity within a reasonable period specified in the notice, it shall do its best to give the business opportunity to Sanhua intelligent controls. 4. In case of breach of the above commitment, I (or the Company) is willing to bear all responsibilities arising therefrom and fully compensate all direct or indirect losses caused to Sanhua intelligent controls.			
	Zhang Daocai, Zhang Yabo, Zhang Shaobo, controlling shareholder Sanhua Holding Group Co., Ltd., Zhejiang Sanhua Lvneng Industrial Group Co., Ltd.	Other commitment	After the completion of the transaction, the listed Company will continue to improve the corporate governance structure and independent operation of the Company management system in accordance with the requirements of relevant laws and regulations and the articles of association, continue to maintain the independence of the listed Company in business, assets, finance, institutions, personnel and other aspects, and effectively protect the interests of all shareholders.	September 18 th , 2017	Long term	Strict performance
	Zhang Daocai, controlling shareholder Sanhua Holding Group Co., Ltd.	Commitment on horizontal competition, related party transactions and capital occupation	The commitment made at the time of IPO, it shall not engage in the same production, operation or business as the Company in the future. In order to avoid business competition with the Company and clarify the non-competition obligations, Sanhua Holding Group, on behalf of itself and its subsidiaries with more than 50% equity, makes a commitment to Sanhua intelligent controls to avoid possible horizontal competition.	June 7 th 2005	Long term	Strict performance
Are the commitments fulfilled on	Yes					

time	
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IV. Engagement and Dismissal of the CPA firm

Whether the half year report was audited

Yes No

The Company's report was not audited.

V. Explanation Given by the Board of Directors and Supervisory Committee Regarding the “Non-standard Auditor’s Report” Issued by the CPA Firm for the Reporting Period

Applicable Not applicable

VI. Explanation Given by the Board of Directors Regarding the “Non-standard Auditor’s Report” Issued by the CPA Firm for the Prior Year

Applicable Not applicable

VII. Bankruptcy and Restructuring

Applicable Not applicable

No such case during the reporting period.

VIII. Material Litigation and Arbitration

Material Litigation and Arbitration

Applicable Not applicable

No such case during the reporting period.

Other litigations

Applicable Not applicable

IX. Media Queries

Applicable Not applicable

There was no prevalent media query during the reporting period.

X. Punishments and Rectifications

Applicable Not applicable

No such case during the reporting period.

XI. Integrity of the Company and Its Controlling Shareholders and Actual Controllers

□ Applicable √ Not applicable

XII. The Implementation of an Equity Incentive Plan, Employee Stock Incentive Plan, or Other Incentive Plans

√Applicable □Not applicable

1. During the reporting period, the Company has completed the repurchase and cancellation of 291,200 shares of all or part of the restricted shares held by 33 incentive objects (28 resigned and 5 failed to meet the personal performance assessment requirements during the first release period) involved in the incentive plan for restricted shares in 2018.

Important issues	Disclosure Date	Disclosure Index
<i>Announcement on the completion of repurchase and cancellation of some restricted stocks</i>	March 3rd 2020	http://www.cninfo.com.cn

2. During the reporting period, the Company launched the incentive plan for restricted stock in 2020, granting 12.045 million shares of restricted stock to 914 incentive objects. The grant date of the equity incentive plan is February 24, 2020, and the grant price is RMB 9.85 per share. The listing date of the restricted shares granted this time is March 20, 2020.

Important issues	Disclosure Date	Disclosure Index
<i>Announcement on the resolution of the 7th interim meeting of the 6th board of directors</i>	January 22nd 2020	http://www.cninfo.com.cn
<i>Announcement on the resolution of the 7th interim meeting of the 6th board of supervisors</i>	January 22nd 2020	http://www.cninfo.com.cn
<i>Restricted stock incentive plan 2020 (Draft)</i>	January 22nd 2020	http://www.cninfo.com.cn
<i>Management measures for the implementation of restricted stock incentive plan in 2020</i>	January 22nd 2020	http://www.cninfo.com.cn
<i>List of incentive objects of restricted stock in 2020</i>	January 22nd 2020	http://www.cninfo.com.cn
<i>Examination and verification opinions of the board of supervisors on the publicity of the list of incentive objects of the equity incentive plan in 2020</i>	February 4th 2020	http://www.cninfo.com.cn
<i>Announcement of the resolution of the first extraordinary general meeting of shareholders in 2020</i>	February 11st 2020	http://www.cninfo.com.cn
<i>Announcement on the resolution of the 8th interim meeting of the 6th board of directors</i>	February 25th 2020	http://www.cninfo.com.cn

<i>Announcement on the resolution of the 8th interim meeting of the 6th board of supervisors</i>	February 25 th 2020	http://www.cninfo.com.cn
<i>Announcement on adjustment of incentive plan for restricted stock in 2020</i>	February 25 th 2020	http://www.cninfo.com.cn
<i>Announcement on granting restricted shares to incentive objects of restricted stock incentive plan in 2020</i>	February 25 th 2020	http://www.cninfo.com.cn
<i>Announcement on completion of grant registration of restricted stock incentive plan in 2020</i>	March 23 rd 2020	http://www.cninfo.com.cn

XIII. Significant Related-party Transaction

1. Significant related-party transactions arising from routine operation

Applicable Not applicable

No such case in the reporting period.

2. Related-party transactions regarding purchase and disposal of assets or equity

Applicable Not applicable

No such case in the reporting period.

3. Significant related-party transactions arising from joint investments on external parties

Applicable Not applicable

No such case in the reporting period.

4. Related credit and debt transactions

Applicable Not applicable

No such case in the reporting period.

5. Other significant related party transactions

Applicable Not applicable

No such case in the reporting period.

XIV. Non-operating Capital Occupation of Listed Companies by Controlling Shareholders and Their Related Parties

Applicable Not applicable

No such case in the reporting period.

XV. Significant Contracts and Their Execution

1. Matters on trusteeship, contracting, and leasing

(1) Trusteeship

Applicable Not applicable

No such case in the reporting period.

(2) Contracting

Applicable Not applicable

No such case in the reporting period.

(3) Leasing

Applicable Not applicable

Illustration of lease

Aweco Polskas Appliance sp.z.o.o sp.k, a wholly-owned subsidiary of the Company, acquired 2 buildings through leasing.

Items with profit and loss exceeding 10% of the total profit of the Company in the report period

Applicable Not applicable

During the reporting period, there is no leasing project with profit and loss of more than 10% of the total profit of the Company during the reporting period.

2. Significant guarantees

Applicable Not applicable

(1) Guarantees

Unit: RMB in 10 thousand

External Guarantees from the Company and its Subsidiaries (Excluding Guarantees to the Subsidiaries)								
Guaranteed Party	Announcement Date of Disclosure of the Guarantee Amount	Guarantee Amount	Actual Occurrence Date	Actual Guarantee Amount	Type of Guarantee	Term of Guarantee	Due or Not	Guarantee for Related Parties or Not
Company's Guarantees to Subsidiaries								
Guaranteed Party	Announcement	Guarantee Amount	Actual Occurrence	Actual Guarantee	Type of Guarantee	Term of Guarantee	Due or Not	Guarantee for

	Date of Disclosure of the Guarantee Amount		Date	Amount				Related Parties or Not
Sanhua AWECO Appliance Systems GmbH	April 16, 2018	35,000	November 5, 2018	18,310.3	Joint liability guarantee	2018.11.05-2021.11.04	Yes	Yes
Sanhua AWECO Appliance Systems GmbH	April 3, 2019	41,000	April 8, 2020	12,737.6	Joint liability guarantee	2020.04.08-2021.11.04	No	Yes
Sanhua AWECO Appliance Systems GmbH	April 29, 2020	52,000	June 5, 2020	8,757.1	Joint liability guarantee	2020.06.05-2021.11.04	No	Yes
SANHUA INTERNATIONAL SINGAPORE PTE. LTD.	April 16, 2019	132,000	September 17, 2018	13,135.65	Joint liability guarantee	2018.09.17-2022.09.16	Yes	Yes
SANHUA INTERNATIONAL SINGAPORE PTE. LTD.	April 3, 2019	132,000	July 29, 2019	9,203.35	Joint liability guarantee	2019.07.29-2020.01.30	Yes	Yes
SANHUA INTERNATIONAL SINGAPORE PTE. LTD.	April 3, 2019	132,000	September 23, 2019	7,079.5	Joint liability guarantee	2019.09.23-2020.09.23	No	Yes
SANHUA INTERNATIONAL SINGAPORE PTE. LTD.	April 3, 2019	132,000	July 5, 2019	11,941.5	Joint liability guarantee	2019.07.05-2022.06.20	No	Yes
SANHUA INTERNATIONAL, INC.	April 3, 2019	30,000	December 9, 2019	21,946.45	Joint liability guarantee	2019.12.09-2022.12.09	No	Yes
SANHUA INTERNATIONAL, INC.	April 16, 2018	30,000	January 18, 2019	10,619.25	Joint liability guarantee	2019.01.18-2020.01.21	Yes	Yes
SANHUA	April 3,	30,000	January 21,	10,619.25	Joint	2020.01.2	No	Yes

INTERNATIONAL, INC.	2019		2020		liability guarantee	1-2020.07.09		
SANHUA INTERNATIONAL SINGAPORE PTE. LTD.	April 29, 2019	150,000	June 12, 2020	7,500	Joint liability guarantee	2020.06.12-2022.12.25	No	Yes
SANHUA INTERNATIONAL SINGAPORE PTE. LTD.	April 3, 2019	132,000	February 10, 2020	10,349.3	Joint liability guarantee	2020.02.10-2021.02.09	No	Yes
Total Amount of Guarantees to Subsidiaries Approved during the Reporting Period (B1)		310,000		Total Amount of Guarantees to Subsidiaries Actually Occurred during the Reporting Period (B2)		49,963.25		
Total Amount of Guarantees to Subsidiaries Approved by the End of the Reporting Period (B3)		384,673.6		Total Balance of Guarantees Actually Paid to Subsidiaries at the End of the Reporting Period (B4)		90,930.7		
Subsidiaries' Guarantees to Subsidiaries								
Guaranteed Party	Announcement Date of Disclosure of the Guarantee Amount	Guarantee Amount	Actual Occurrence Date	Actual Guarantee Amount	Type of Guarantee	Term of Guarantee	Due or Not	Guarantee for Related Parties or Not
The total amount of the Company's guarantees (the total of the above three items)								
Total Amount of Guarantees Approved during the Reporting Period (A1+B1+C1)		310,000		Total Amount of Guarantees Actually Occurred during the Reporting Period (A2+B2+C2)		49,963.25		
Total Amount of Guarantees Approved by the End of the Reporting Period (A3+B3+C3)		384,673.6		Total Balance of Guarantees Actually Paid at the End of the Reporting Period (A4+B4+C4)		90,930.7		
Total Amount of Actual Guarantees (A4+B4+C4) as a Percentage of the Company's Net Assets				9.54%				
Of which:								
Balance of Debt Guarantees Directly or Indirectly Offered to Guaranteed Objects with Asset-liability Ratio Exceeding 70% (E)				90,930.7				

Total Amount of the Above Three Guarantees (D+E+F)	90,930.7
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(2) Illegal external guarantees

Applicable Not applicable

No illegal external guarantees during the reporting period.

3. Entrusted wealth management

Applicable Not applicable

Unit: RMB in 10 thousand

Specific types	Capital source	Amount	Balance before maturity	Overdue uncollected amount
Bank financial products	The Company's owned funds and raised funds	238,982.3	120,930.9	0
Total		238,982.3	120,930.9	0

Specific situation of high-risk entrusted financial management with large single amount or low security, poor liquidity and without guarantee of principal

Applicable Not applicable

Unit: RMB in 10 thousand

Name of trustee	Type of trustee	Product type	Amount	Capital source	Start date	Termination date	Capital investment	Determination of return	Reference annualized rate of return	Expected return (if any)	Actual profit and loss in the reporting period	Actual recovery of profit and loss in the reporting period	Amount of provision for impairment (if any)	Through legal procedures or not	Future entrusted financial management plan or not	Event overview and relevant index (if any)
Shaoxing Xinchang sub branch of Bank of Communications Co., Ltd	Bank	Cash deposit (Company)	19,500	Self-funds	December 31, 2019	January 15, 2020	Bank financial products	Floating income without guarantee of principal	3.24%		25.99	25.99		Yes	-	
Shaoxing Xinchang sub branch of Bank of Communications Co., Ltd	Bank	Cash deposit (Company)	10,000	Self-funds	January 15, 2020	January 21, 2020	Bank financial products	Floating income without guarantee of principal	3.39%		5.56	5.56		Yes	-	
Bank of Hangzhou	Bank	"Tianlibao"	10,000	Self-funds	January 21,	April 21,	Bank financial	Floating income	4.00%		99.73	99.73		Yes	-	

Xinchang sub branch		structured deposit products			2020	2020	l products	with guarantee of principal								
Shaoxing Xinchang sub branch of Bank of Communications Co., Ltd	Bank	Cash deposit (Company)	5,000	Self-funds	March 6, 2020	March 16, 2020	Bank financial products	Floating income without guarantee of principal	3.09%		5.50	5.50		Yes	-	
Shaoxing Xinchang sub branch of Bank of Communications Co., Ltd	Bank	Structured deposits 176 days	7,000	Self-funds	March 31, 2020	September 23, 2020	Bank financial products	Floating income with guarantee of principal	3.75%	126.23	0	0		Yes	-	
Bank of Hangzhou Xinchang sub branch	Bank	"Tianlibao" structured deposit products	20,000	Self-funds	March 26, 2020	May 26, 2020	Bank financial products	Floating income with guarantee of principal	3.80%		127.01	127.01		Yes	-	
ABC	Bank	Huilifeng	10,000	Self-funds	April	Decemb	Bank	Floating	3.70%	252.73	0	0		Yes	-	

Xinchang sub branch		issue 4840 of 2020 customized RMB structured deposit products (250 days)		ds	22, 2020	er 28, 2020	financia l products	income with guarantee of principal								
Bank of China Xinchang sub branch	Bank	Linked structured deposits	10,000	Self-funds	April 27, 2020	May 29, 2020	Bank financial products	Floating income with guarantee of principal	3.60%		31.56	31.56		Yes	-	
Bank of China Xinchang sub branch	Bank	Linked structured deposits	10,000	Self-funds	April 27, 2020	May 29, 2020	Bank financial products	Floating income with guarantee of principal	3.60%		31.56	31.56		Yes	-	
ABC Xinchang sub branch	Bank	Huilifeng no.4917 customized RMB structured	10,000	Self-funds	April 29, 2020	December 28, 2020	Bank financial products	Floating income with guarantee of	3.70%	245.66	0	0		Yes	-	

		deposit products in 2020 (243 days)						principal								
Shaoxing Xinchang sub branch of Bank of Communications Co., Ltd	Bank	97 days of Bank of Communications Yuntong wealth fixed term structured deposit	10,000	Self-funds	June 5, 2020	September 10, 2020	Bank financial products	Floating income with guarantee of principal	3.27%	86.66	0	0		Yes	-	
ABC Xinchang sub branch	Bank	Huilifeng no.5371 customized RMB structured deposit products in 2020 (196 days)	10,000	Self-funds	June 5, 2020	December 18, 2020	Bank financial products	Floating income with guarantee of principal	3.40%	182.08	0	0		Yes	-	
Shaoxing Xinchang sub branch of Bank of	Bank	Cash deposit (Company)	6,000	Self-funds	May 26, 2020	June 15, 2020	Bank financial products	Floating income without guarantee of	3.16%		10.37	10.37		Yes	-	

Communi cations Co., Ltd								principa l								
Heng Seng Bank Hangzhou Branch	Bank	Hengliy ing	6,000	Self-fun ds	April 4, 2019	January 3, 2020	Bank financia l product s	Floating income with guarant ee of principa l	4.10%		176.64	176.64		Yes	-	
ICBC economic developm ent sub branch	Bank	Tianlibao	5,000	Self-fun ds	January 3, 2020	January 22, 2020	Bank financia l product s	Floating income without guarant ee of principa l	3.30%		6.12	6.12		Yes	-	
Guangzho u Developm ent Bank Hangzhou Xiaoshan sub branch (Shaoxing)	Bank	Xinjiaxin No.16 structured deposit	5,500	Raised funds	October 28, 2019	January 13, 2020	Bank financia l product s	Floating income with guarant ee of principa l	3.95%		43.24	43.24		Yes	-	
ICBC economic	Bank	Tianlibao	5,000	Self-fun ds	Februar y 24,	Februar y 26,	Bank financia	Floating income	3.13%		0.85	0.85		Yes	-	

development sub branch					2020	2020	1 product s	without guarantee of principal								
Hangzhou Xiaoshan sub branch of Guangfa bank	Bank	Xinjiaxin No.16 structured deposit	5,000	Self-funds	April 30, 2019	February 24, 2020	Bank financial products	Floating income with guarantee of principal	4.10%		158.96	158.96		Yes	-	
ICBC economic development sub branch	Bank	Tianlibao	5,000	Self-funds	March 26, 2020	March 27, 2020	Bank financial products	Floating income without guarantee of principal	3.13%		0.25	0.25		Yes	-	
Hangzhou Xiaoshan sub branch of Guangfa bank	Bank	Xinjiaxin No.16 structured deposit	5,500	Self-funds	January 3, 2020	April 20, 2020	Bank financial products	Floating income with guarantee of principal	3.90%		59.88	59.88		Yes	-	
Hangzhou Xiaoshan sub	Bank	Xinjiaxin No.16 structured	5,500	Raised funds	January 14, 2020	July 13, 2020	Bank financial	Floating income with	3.95%	107.44	0	0		Yes	-	

branch of Guangfa bank (Shaoxing)		deposit					product s	guarant ee of principa l								
Hangzhou Xiaoshan sub branch of Guangfa bank	Bank	Xinjiaxin No.16	7,000	Raised funds	April 29, 2019	April 27, 2020	Bank financia l product s	Floating income with guarant ee of principa l	2.69%		270.01	270.01		Yes	-	
Hangzhou Xiaoshan sub branch of Guangfa bank	Bank	Xinjiaxin No.16	8,000	Raised funds	July 30, 2019	July 29, 2020	Bank financia l product s	Floating income with guarant ee of principa l	4.05%	324	0	0		Yes	-	
Hangzhou Xiaoshan sub branch of Guangfa bank	Bank	Xinjiaxin No.16	7,500	Self-fun ds	October 25, 2019	October 25, 2020	Bank financia l product s	Floating income with guarant ee of principa l	3.95%	297.06	0	0		Yes	-	
Hangzhou Xiaoshan sub	Bank	Xinjiaxin No.16	10,000	Raised funds	April 29, 2019	April 27, 2020	Bank financia l	Floating income with	4.10%		385.73	385.73		Yes	-	

branch of Guangfa bank (Shaoxing)							product s	guarantee of principal								
Hangzhou Xiaoshan sub branch of Guangfa bank (Shaoxing)	Bank	Xinjiaxin No.16	5,500	Raised funds	July 30, 2019	July 29, 2020	Bank financial products	Floating income with guarantee of principal	4.05%	222.75	0	0		Yes	-	
Hangzhou Xiaoshan sub branch of Guangfa bank	Bank	Xinjiaxin No.16	5,500	Self-funds	April 21, 2020	October 21, 2020	Bank financial products	Floating income with guarantee of principal	3.90%	107.25	0	0		Yes	-	
Hangzhou Xiaoshan sub branch of Guangfa bank	Bank	Xinjiaxin No.16	7,000	Raised funds	April 27, 2020	June 2, 2020	Bank financial products	Floating income with guarantee of principal	3.55%		23.43	23.43		Yes	-	
ICBC economic	Bank	Tianlibao (without	6,000	Self-funds	June 9, 2020	June 10, 2020	Bank financial	Floating income	3.00%		0.39	0.39		Yes	-	

development sub branch		guarantee of principal)					l products	without guarantee of principal								
ICBC economic development sub branch	Bank	Tianlibao (without guarantee of principal)	8,000	Self-funds	June 10, 2020	June 24, 2020	Bank financial products	Floating income without guarantee of principal	3.00%		8.42	8.42		Yes	-	
China CITIC Bank Fengqi sub branch	Bank	Win win interest rate structure 31784 RMB structured deposit products	5,000	Raised funds	January 15, 2020	January 31, 2020	Bank financial products	Floating income with guarantee of principal	2.60%		5.38	5.38		Yes	-	
Total			249,500 ^[1]	--	--	--	--	--	--	1,951.86	1,476.58	--		--	--	--

Note: [1] During the reporting period, the accumulated financial management amount of the Company is RMB 3,258.7019 million, and the above information are the details of the Company's single significant financial management (single amount of more than RMB 50 million).

Entrusted financial management is expected to be unable to recover the principal or there are other situations that may lead to impairment

Applicable Not applicable

4. Other significant contracts

Applicable Not applicable

No such case in the reporting period.

XVI. Social Responsibility

1. Significant environmental problems

Whether the Company or the Company's subsidiaries are critical pollutant enterprises disclosed by National Environmental Protection Department

Yes

Name of Company or subsidiary	Name of main pollutants and characteristic pollutants	Emission mode	Number of outlets	Distribution of emission outlets	Emission concentration	Emission standards	Total emissions	Approved total emission	Over standard emission
Zhejiang Sanhua Intelligent Controls Co., Ltd	COD	Nanotube	1	North	$\leq 500\text{mg/L}$	The limitation of COD in GB8978-1996 <i>Integrated Wastewater Emission Standard</i> is 500mg / L	17.463 T	61.867 T /year	Not exceeding the standard
Zhejiang Sanhua Intelligent Controls Co., Ltd	Ammonia Nitrogen	Nanotube	1	North	$\leq 35\text{mg/L}$	The limitation listed in DB33/887-2013 <i>Indirect Emission Limits of</i>	1.746 T	6.186 T /year	Not exceeding the standard

						<i>Nitrogen and Phosphorus Pollutants from Industrial Wastewater</i> is 35mg / L			
Zhejiang Sanhua Intelligent Controls Co., Ltd	SO2	Direct emission	1	North	$\leq 50\text{mg}/\text{m}^3$	The limitation listed in GB13271-2014 Emission Standard of Air Pollutants for Boilers is 50mg/m ³	0.37 T	2.15 T /year	Not exceeding the standard
Zhejiang Sanhua Intelligent Controls Co., Ltd	Nitrogen Oxide	Direct emission	1	North	$\leq 50\text{mg}/\text{m}^3$	According to the low Nitrogen emission requirements of local government, the limit value of gas-fired boiler is 50mg / m ³	1.729 T	10.06 T /year	Not exceeding the standard
Zhejiang Sanhua Climate & Appliance Controls Group Co., Ltd.	COD	Nanotube	1	South	$\leq 500\text{mg}/\text{l}$	The limitation from GB8979-1996 is 500mg / L	3.206 T	9.205 T /year	Not exceeding the standard
Zhejiang Sanhua Climate & Appliance Controls	Total Copper	Nanotube	1	South	$\leq 2.0\text{mg}/\text{l}$	The limitation from GB8979-1996 is	0.051 T	/	Not exceeding the standard

Group Co., Ltd.						2.0mg/l			
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Construction and operation of pollution control facilities

Adhering to the advanced management concept, the Company takes "developing energy-saving and low-carbon economy, creating a green quality environment" as its own responsibility, constantly surpasses, and becomes an important creator and contributor of human green quality living environment with limited resources and unlimited wisdom.

1. In terms of waste water treatment, the Company responded to the construction of "five water treatment", "eliminating inferior V-type water" and "zero direct discharge of sewage" in the whole province. The Company renovated the rainwater and sewage outlets in the factory area, implemented the separation of rainwater and sewage, and installed cut-off valves and video monitoring equipment at the Company's rainwater discharge outlets, and collected and treated the early rainwater. There are two wastewater treatment stations in the factory. The sewage treatment stations have been equipped with standardized sewage outlets and set up discharge outlet signs. Online monitoring device, solenoid valve flowmeter and card swiping sewage system are installed at the discharge outlet, which has been connected with the environmental protection department. The monitoring indicators include pH, COD, total copper, total zinc and flow. Wastewater treatment: The Company has entrusted a third-party professional treatment unit for treatment. The discharge indicators of the Company's internal control wastewater are stricter than the environmental discharge standard. The final treated wastewater is discharged into the sewage collection pipe network of the industrial zone and sent to Shengxin sewage treatment plant for retreatment.
2. Waste gas treatment: The Company has acid pickling, electroplating waste gas, welding dust, ultrasonic cleaning and other waste gas. All kinds of waste gas discharge cylinders are equipped with corresponding waste gas treatment devices. The acid pickling and electroplating waste gas absorption and treatment tower is installed with automatic dosing system, and the waste gas is discharged to air after treatment. At the same time, in order to win the blue-sky defense activity, the Company carried out low Nitrogen emission transformation of the Company's gas boilers in accordance with the requirements of relevant official departments in 2019.
3. Solid waste and soil treatment: all kinds of hazardous waste of the Company are entrusted to the third qualified party for disposal, the general solid waste with utilization value is recycled, the domestic waste is cleared and transported by the environmental sanitation station, and the construction waste is cleaned and transported by the construction unit. In 2019, the Company commissioned a third party to investigate the current situation of soil and groundwater environment of the production site, and no pollution was found. The Company also tested the soil and groundwater every year and publicized it on the corresponding website. In March 2020, Sanhua Refrigeration Group carried out a special site investigation on soil and groundwater in Xialiquan plant area, and prepared an investigation report. No pollution was found.
4. Noise control: The Company's existing main noise is workshop production noise, air compressor room, waste gas and waste water treatment equipment noise. Equipment layout is reasonable, and trees are planted around the workshop. Noise at factory meets the standard.

5. The "three wastes" pollution control facilities of the Company are in normal and stable operation, the pollutants are discharged based on the standard, and there is no environmental pollution event.

Environmental Impact Assessment (EIA) of construction projects and other administrative permits for environmental protection

1. Since 2010, the Company has invested in the construction of Meizhu Sanhua Industrial Estate in Xinchang County, and has obtained 22 EIA replies. All the projects have passed.
2. Zhejiang Sanhua Climate & Appliance Controls Group Co., Ltd. has invested in Xialiquan of Xinchang County since 2013, and has obtained 6 EIA replies. All the projects have passed.

Emergency Response Plan

1. The Company re-prepared the Emergency Response Plan in November 2017, and filed with Xinchang Environmental Protection Bureau on January 25, 2018 (Record No. 3306242018001).
2. In order to manage environmental emergencies and reduce the environmental hazards caused by sudden environmental pollution accidents, Zhejiang Sanhua Climate & Appliance Controls Group Co., Ltd. re-compiled *Emergency Response Plan for Environmental Pollution Accidents of Zhejiang Sanhua Climate & Appliance Controls Group Co., Ltd. (simplified version)* in October 2018, which was filed with Xinchang County Environmental Protection Bureau on October 29, 2018 (Record No. 3306242018013).

Environmental self-monitoring program

The Company formulated *Self-monitoring Scheme of Zhejiang Sanhua Intelligent Control Co., Ltd.* according to the requirements of the superior environmental protection department, combined with the actual production situation and the actual needs of environmental management of the Company. The sewage station of the Company is equipped with a laboratory, and the detection is conducted by a specially assigned person. On line automatic monitoring equipment such as pH, COD, TOC, total copper, total zinc, flow rate etc. are installed at the Company's total wastewater discharge outlet, so as to achieve the combination of automatic monitoring and manual testing. For the pollution factors such as suspended matters, total Phosphorus, Ammonia Nitrogen, total Iron and Petroleum, the Company entrusts a third-party testing agency to carry out regular monitoring. The monitoring results are published regularly on the enterprise self-monitoring information disclosure platform of Zhejiang Province.

Zhejiang Sanhua Climate & Appliance Controls Group Co., Ltd. has good pollutant emission monitoring and management ability, and can timely inform the environmental protection administrative department and the public of the monitoring information. According to the actual production situation and the actual needs of environmental management, the environmental protection laboratory of wastewater treatment station is set up, and the detection is carried out by specially assigned person daily. On line automatic monitoring equipment such as pH, COD, TOC, total copper and flow rate are installed at the total wastewater discharge outlet of the Company. The combination of automatic monitoring and manual testing effectively ensures the timeliness and effectiveness of monitoring. At the same time, a third-party testing Company is entrusted to carry out regular monitoring. The monitoring results are published regularly on the enterprise self-monitoring information disclosure platform of Zhejiang Province.

Other environmental information that should be disclosed

Not applicable

Other environmental information

Not applicable

2. Fulfillment of the social responsibility of targeted poverty alleviation

Not applicable

XVII. Other Significant Events

Applicable Not applicable

There were no other significant issues that need to be explained during the current reporting period.

XVIII. Significant Events of the Company's Subsidiaries

Applicable Not applicable

Section VI Changes in Shares and Information about Shareholders

I. Changes in Shares

1. Changes in shares

Unit: Share

	Before the change		Changes in the period (+, -)					After the change	
	Shares	Ratio	New Shares Issued	Bonus share	Share transferred from capital reserve	Others	Sub-total	Shares	Ratio
1. Shares subject to conditional restriction(s)	346,976,785	12.55%			107,619,176	11,753,800	119,372,976	466,349,761	12.98%
3) Other domestic shares	346,976,785	12.55%			107,619,176	11,753,800	119,372,976	466,349,761	12.98%
Of which: Shares held by domestic legal person	299,892,703	10.84%			89,967,811		89,967,811	389,860,514	10.85%
Shares held by domestic natural person	47,084,082	1.71%			17,683,865	11,753,800	29,437,665	76,489,247	2.13%
2. Shares without restriction	2,418,681,113	87.45%			719,055,904	-12,045,000	707,010,904	3,125,692,017	87.02%
1) RMB ordinary shares	2,418,681,113	87.45%			719,055,904	-12,045,000	707,010,904	3,125,692,017	87.02%
3. Total	2,765,657,898	100.00%			826,675,080	-291,200	826,383,880	3,592,041,778	100.00%

Reason for the changes in share capital

√ Applicable □ Not applicable

1. On March 2, 2020, the Company has completed the repurchase and cancellation of 0.2912 million shares of all or part of the restricted shares held by 33 incentive objects who do not meet the requirements of the incentive plan for restricted shares in 2018 (28 resigned, and 5 failed to meet the individual performance assessment requirements during the first release period).

2. On February 24, 2020, the Company granted 12.045 million shares of restricted shares to 914 incentive objects under the Company's restricted stock incentive plan in 2020, and the shares came from the Company's repurchase account. The listing date of the stock is March 20, 2020.

3. On June 3, 2020, the Company implemented the profit distribution plan for the year of 2019: The plan of

converting capital reserve into share capital takes 2,755,583,602 shares of capital stock as the base, and distribute 3 shares for every 10 shares of all shareholders, with a total of 826,675,080 shares. After the conversion, the total share capital increased from 2,765,366,698 to 3,592,041,778 shares.

Approval for changes in share capital

Applicable Not applicable

1. The proposal on repurchase and cancellation of some restricted shares has been deliberated and approved by the first extraordinary general meeting of shareholders in 2019. The resolution announcement of the general meeting of shareholders was published in the *Securities Times*, *Shanghai Securities News* and CNINFO (www.cninfo.com.cn) on November 12, 2019.

2. The granting of 12.045 million restricted shares to the incentive objects of the incentive plan for restricted shares in 2020 has been deliberated and approved at the eighth interim meeting of the sixth board of directors. The announcement of the resolution was published in the *Securities Times*, *Shanghai Securities News* and CNINFO (www.cninfo.com.cn) on February 25, 2020.

3. The Company's equity distribution plan for 2019 has been deliberated and approved by the 2019 annual general meeting of shareholders held on May 19, 2020. The resolution announcement of the general meeting of shareholders was published in the *Securities Times*, *Shanghai Securities News* and CNINFO (www.cninfo.com.cn) on May 20, 2020.

Transfer of shares

Applicable Not applicable

1. On February 24, 2020, the Company granted 12.045 million restricted shares to 914 incentive objects under the Company's restricted stock incentive plan in 2020, and the shares came from the Company's repurchase account.

2. On June 3, 2020, after the implementation of the profit distribution plan in 2019, the Company's share capital increased from 2,765,366,698 shares to 3,592,041,778 shares.

Information about the implementation of share repurchase

Applicable Not applicable

On June 16, 2020, the *Announcement about Halfway Through the Buyback Plan is not yet Implemented* was published in *Securities Times*, *Shanghai Securities News* and CNINFO (www.cninfo.com.cn).

The progress on reduction of re-purchase shares by means of centralized bidding

Applicable Not applicable

Effects of changes in share capital on the basic earnings per share ("EPS"), diluted EPS, net assets per share attributable to common shareholders of the Company, and other financial indexes over the last year and last period

Applicable Not applicable

Please refer to the financial report for details.

Other contents that the Company considers necessary or required by the securities regulatory authorities to disclose

Applicable Not applicable

2. Changes in restricted shares

Applicable Not applicable

Unit: Share

Name of shareholder	Opening balance of restricted shares	Vested in current period	Increased in current period	Closing balance of restricted shares	Note for restricted shares	Date of unlocking
Zhejiang Sanhua Lvneng Industrial Group Co., Ltd	299,892,703		89,967,811	389,860,514	Non public offering of shares Due to the implementation of the equity distribution plan in 2019 on June 3, 2020, the capital reserve was converted to share capital, and 89,967,811 shares of restricted shares were added.	September 18 2020
Zhang Yabo	37,518,000		11,255,400	48,773,400	Executive locked shares Due to the implementation of the equity distribution plan in 2019 on June 3, 2020, the capital reserve was converted into share capital, and the number of restricted shares was increased by	According to the relevant provisions of executives shares management

					11,255,400 shares.	
Wang Dayong	6,500		1,950	8,450	Executive locked shares Due to the implementation of the equity distribution plan in 2019 on June 3, 2020, the capital reserve was converted into share capital, and the number of restricted shares was increased by 1,950 shares.	According to the relevant provisions of executives shares management
Ni Xiaoming	6,500		1,950	8,450	Executive locked shares Due to the implementation of the equity distribution plan in 2019 on June 3, 2020, the capital reserve was converted into share capital, and the number of restricted shares was increased by 1,950 shares.	According to the relevant provisions of executives shares management
Chen Yuzhong	6,500		1,950	8,450	Executive locked shares Due to the implementation of the equity distribution plan in 2019 on June 3, 2020, the capital reserve	According to the relevant provisions of executives shares management

					was converted into share capital, and the number of restricted shares was increased by 1,950 shares.	
Hu Kaicheng	6,500		1,950	8,450	Executive locked shares Due to the implementation of the equity distribution plan in 2019 on June 3, 2020, the capital reserve was converted into share capital, and the number of restricted shares was increased by 1,950 shares.	According to the relevant provisions of executives shares management
Yu Yingkui	30,582		9,175	39,757	Executive locked shares Due to the implementation of the equity distribution plan in 2019 on June 3, 2020, the capital reserve was converted into share capital, and the number of restricted shares was increased by 9,175 shares.	According to the relevant provisions of executives shares management
Incentive objects	9,509,500		18,132,790	27,642,290	Equity incentive stock: 1. On February 24, 2020, 12.045	For details, please refer to the Company's draft of restricted stock

					million restricted shares were granted under the restricted stock incentive plan in 2020. 2. Due to the implementation of the equity distribution plan in 2019 on June 3, 2020, the capital reserve is converted to share capital, and the number of restricted shares is increased by 18,132,790.	incentive plan in 2018 and 2020 and relevant announcements
Total	346,976,785	0	119,372,976	466,349,761	--	--

II. Issuance and Listing of Securities

Applicable Not applicable

III. Total Number of Shareholders and Their Shareholdings

Unit: Share

Total Number of Common Shareholders at the End of the Reporting Period		56,410		Total Number of Preferred Shareholders (If Any) (Refer to Note 8) Whose Voting Rights Have Been Recovered at the End of the Reporting Period			0	
Particulars about shares held by shareholders with a shareholding percentage over 5% or the Top 10 of them								
Name of shareholder	Nature of shareholder	Share-holding percentage (%)	Total shares held at the end of the reporting period	Increase/decrease during the reporting period	The number of common shares held with trading restrictions	The number of shares held without trading restrictions	Pledged or frozen	
							Status	Amount

Sanhua Holding Group Co., Ltd.	Domestic non-state-owned corporation	29.78%	1,069,537,580	172,686,442		1,069,537,580	Pledged	140,270,000
Zhejiang Sanhua Lvneng Industrial Group Co., Ltd	Domestic non-state-owned corporation	20.68%	742,747,954	171,403,374	389,860,514	352,887,440		
Hong Kong Central Clearing Limited	Overseas corporation	6.66%	239,069,530	-18,744,565		239,069,530		
Zhang Yabo	Domestic Individual	1.45%	52,031,200	2,007,200	48,773,400	3,257,800		
Industrial and Commercial Bank of China Limited-E fund emerging growth flexible allocation hybrid securities investment fund	Others	1.09%	39,181,947	39,181,947		39,181,947		
China Construction Bank Corporation - Bank of Communications Schroder alpha core hybrid securities investment fund	Others	0.87%	31,240,755	16,904,609		31,240,755		

Industrial and Commercial Bank of China Limited Huaan media Internet hybrid securities investment fund	Others	0.85%	30,570,328	30,570,328		30,570,328		
National Social Security Fund-112	Domestic state-owned corporation	0.75%	26,883,230	4,595,053		26,883,230		
National Social Security Fund-111	Domestic state-owned corporation	0.69%	24,651,152	8,586,158		24,651,152		
CITIC Bank Co., Ltd. - Bank of Communications Schroeder new vitality flexible allocation of hybrid securities investment funds	Others	0.66%	23,734,481	8,805,048		23,734,481		
Information about Strategic Investors' or General Legal Persons' Becoming Top Ten Common Shareholders for Placement of New Shares (If Any) (Refer to Note 3)	No							
Explanation on Associated Relationship or Concerted Actions among the Above-Mentioned Shareholders	Among the above shareholders, Sanhua Holding Group Co., Ltd., Zhejiang Sanhua Lvneng Industrial Group Co., Ltd. and Zhang Yabo are the persons acting in concert. The Company does not know whether there is any related relationship between other shareholders, or whether they belong to the persons acting in concert stipulated in the <i>Administrative Measures for the Acquisition of Listed Companies</i> .							

Particulars about Shares Held by Top Ten Common Shareholders Holding Shares That Are Not Subject to Trading Restrictions			
Name of Shareholder	Number of Common Shares Held without Restrictions at the End of the Reporting Period	Type of shares	
		Type	Amount
Sanhua Holding Group Co., Ltd.	1,069,537,580	RMB common stock	1,069,537,580
Zhejiang Sanhua Lvneng Industrial Group Co., Ltd	352,887,440	RMB common stock	352,887,440
Hong Kong Central Clearing Limited	239,069,530	RMB common stock	239,069,530
Industrial and Commercial Bank of China Limited-E fund emerging growth flexible allocation hybrid securities investment fund	39,181,947	RMB common stock	39,181,947
China Construction Bank Corporation - Bank of Communications Schroder alpha core hybrid securities investment fund	31,240,755	RMB common stock	31,240,755
Industrial and Commercial Bank of China Limited Huaan media Internet hybrid securities investment fund	30,570,328	RMB common stock	30,570,328
National Social Security Fund-112	26,883,230	RMB common stock	26,883,230
National Social Security Fund-111	24,651,152	RMB common stock	24,651,152
CITIC Bank Co., Ltd. - Bank of Communications Schroeder new vitality flexible allocation of hybrid securities investment funds	23,734,481	RMB common stock	23,734,481
Agricultural Bank of China Ltd. Hua'an intelligent life hybrid securities investment fund	23,251,750	RMB common stock	23,251,750
Explanation of Associated Relationship or Concerted Actions among Top Ten Common Shareholders without Trading Restrictions, and among Top Ten Common Shareholders without Trading Restrictions and Top Ten	Among the above shareholders, Sanhua Holding Group Co., Ltd., and Zhejiang Sanhua Lvneng Industrial Group Co., Ltd. are the persons acting in concert. The Company does not know whether there is any related relationship between other shareholders, or whether they belong to the persons acting in concert stipulated in the <i>Administrative Measures for the Acquisition of Listed Companies</i> .		

Common Shareholders	
Explanation of Top Ten Common Shareholders' Participation in Securities Margin Trading (If Any) (Refer to Note 4)	No

Any of the Company's top 10 common shareholders or top 10 non-restricted common shareholders conducted any agreed buy-back in the reporting period?

Applicable Not applicable

No such cases during the current reporting period.

IV. Changes in Controlling Shareholders and Actual Controllers

Change of the controlling shareholder during the current reporting period

Applicable Not applicable

No such cases in the reporting period.

Change of the actual controller during the reporting period

Applicable Not applicable

No such cases in the current reporting period.

Section VII Information of Preferred Shares

Applicable Not applicable

No existed preferred shares for the Company during the current reporting period.

Section VIII Information about Convertible Bonds

Applicable Not applicable

No existed Convertible bonds for the Company during the current reporting period.

Section IX Information about Directors, Supervisors, Senior Management

I. Shareholding changes of directors, supervisors, senior management

√ Applicable □ Not applicable

Name	Position	Tenure status	Shares held at the beginning of the Period (Shares)	Shares increased during the Period (shares)	Shares decreased during the Period (Shares)	Shares held at the end of the Period (Shares)	Number of restricted shares held at the beginning of the period (shares)	Number of restricted shares granted during the period (shares)	Number of restricted shares held at the end of the period (shares)
Zhang Yabo	Chairman、CEO	Incumbent	50,024,000	12,007,200	10,000,000	52,031,200	0	0	0
Wang Dayong	Director, senior management	Incumbent	130,000	169,000		299,000	91,000	157,300	248,300
Chen Yuzhong	Director, senior management	Incumbent	130,000	169,000		299,000	91,000	157,300	248,300
Ni Xiaoming	Director	Incumbent	130,000	169,000		299,000	91,000	157,300	248,300
Hu Kaicheng	Board Secretary, senior management	Incumbent	130,000	169,000		299,000	91,000	157,300	248,300
Yu Yingkui	CFO, senior management	Incumbent	154,082	176,225		330,307	91,000	157,300	248,300
Total	--	--	50,698,082	12,859,425	10,000,000	53,557,507	455,000	786,500	1,241,500

II. Changes of Directors, Supervisors and Senior Management

√Applicable □Not applicable

Name	Position	Type	Date	Reasons
Shen Yuping	Independent Director	Leave the position when term of office expires	June 7 2020	Leave the position when six-year term of office expires
Zhang Yaping	Independent Director	Leave the position when term of office expires	June 7 2020	Leave the position when six-year term of office expires
Shi Jianhui	Independent Director	Appointment	June 8 2020	The number of independent directors is less than one third of the board members
Zhu Hongjun	Independent Director	Appointment	June 8 2020	Independent director with financial major. The number of independent directors is less than one third of the board members

Section X Corporate Bonds

Whether the Company has publicly issued corporate bonds on Stock Exchange, which has not terminated or terminated but fail to collect the full payment before the half year report authorized disclosure date.

Yes No

Section XI Financial Report

I. Auditor Report

Whether audit has been performed on this interim financial report

Yes No

The Company's 2020 Half Year Report has not been audited

II. Financial Statements

Units of financial reports in the notes: RMB

1. Consolidated Balance Sheet

Prepared by: Zhejiang Sanhua Intelligent Controls Co., Ltd.

Unit: RMB

Items	June 30, 2020	December 31, 2019
Current Assets:		
Cash and Bank Balances	3,412,040,819.22	2,663,719,770.15
Settlement funds		
Loans to other banks		
Held-for-trading financial assets	1,221,535,291.01	993,634,433.31
Derivative financial assets	23,708,126.32	8,314,400.73
Notes receivable	1,652,911,349.99	2,097,159,908.40
Accounts receivable	2,130,607,685.90	1,871,323,522.82
Receivable financing		
Advances paid	91,178,630.33	62,871,924.30
Premium receivable		
Reinsurance accounts receivable		
Reinsurance reserves receivable		
Other receivables	66,256,474.54	97,394,782.97
Including: Interest receivable		
Dividends receivable		
Financial assets under reverse repo		
Inventories	1,902,896,386.17	2,180,838,596.07
Contract assets		

Assets classified as held for sale		
Non-current assets due within one year		
Other current assets	81,420,752.84	75,933,253.28
Total current assets	10,582,555,516.32	10,051,190,592.03
Non-current assets:		
Loans and advances paid		
Debt investments		
Other debt investments		
Long-term receivable	2,306,862.76	2,145,963.27
Long-term equity investments	14,348,933.44	14,522,259.80
Other equity instrument investments		
Other non-current financial assets		
Investment property	26,263,000.26	27,025,974.05
Fixed assets	3,625,967,658.09	3,379,608,199.26
Construction in progress	492,864,704.94	480,959,262.46
Productive biological assets		
Oil & gas assets		
Right-of-use assets		
Intangible assets	521,013,723.37	525,867,518.75
Development expenditures		
Goodwill	31,959,091.60	31,959,091.60
Long-term prepayments	4,818,348.86	8,720,120.64
Deferred tax assets	84,285,107.91	88,952,931.69
Other non-current assets	154,342,209.19	179,238,257.09
Total non-current assets	4,958,169,640.42	4,738,999,578.61
Total assets	15,540,725,156.74	14,790,190,170.64
Current liabilities:		
Short-term borrowings	1,267,378,241.24	1,295,610,572.07
Central bank loans		
Loans from other banks		
Held-for-trading financial liabilities		
Derivative financial liabilities	8,449,613.09	126,364.40
Notes payable	973,763,888.02	1,130,668,415.32
Accounts payable	1,565,086,777.42	1,587,763,752.62

Advances received	31,296,264.17	23,453,218.32
Contract liabilities		
Financial liabilities under repo		
Absorbing deposit and interbank deposit		
Deposit for agency security transaction		
Deposit for agency security underwriting		
Employee benefits payable	162,360,168.58	228,997,483.82
Taxes and rates payable	56,961,785.44	58,192,607.75
Other payables	292,885,146.18	161,237,214.88
Including: Interest Payable		
Dividends Payable	1,310,000.00	1,772,750.00
Handling fee and commission payable		
Reinsurance accounts payable		
Liabilities classified as held for sale		
Non-current liabilities due within one year		222,228,097.22
Other current liabilities		
Total current liabilities	4,358,181,884.14	4,708,277,726.40
Non-current liabilities:		
Insurance policy reserve		
Long-term borrowings	1,259,113,765.14	392,882,280.09
Bonds payable		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities		
Long-term payables	92,435,999.26	94,235,857.77
Long-term employee benefits payable		
Provisions		
Deferred income	79,093,357.32	82,537,550.43
Deferred tax liabilities	69,319,249.50	65,049,361.71
Other non-current liabilities	82,435,946.79	81,788,928.52
Total non-current liabilities	1,582,398,318.01	716,493,978.52
Total liabilities	5,940,580,202.15	5,424,771,704.92
Equity:		
Share capital	3,592,041,778.00	2,765,657,898.00

Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserve	243,740,344.02	1,090,800,022.06
Less: Treasury shares	309,452,726.34	363,781,151.34
Other comprehensive income	-65,788,870.48	-39,332,748.50
Special reserve		
Surplus reserve	559,896,619.39	559,896,619.39
General risk reserve		
Undistributed profit	5,508,536,465.89	5,278,392,288.84
Total equity attributable to the parent Company	9,528,973,610.48	9,291,632,928.45
Non-controlling interest	71,171,344.11	73,785,537.27
Total equity	9,600,144,954.59	9,365,418,465.72
Total liabilities & equity	15,540,725,156.74	14,790,190,170.64

Legal representative: Zhang Yabo Person in charge of accounting: Yu Yingkui Person in charge of the accounting institution: Sheng Xiaofeng

2. Balance Sheet of the Parent Company

Unit: RMB

Items	June 30, 2020	December 31, 2019
Current assets:		
Cash and bank balances	1,450,068,513.99	1,039,915,005.31
Held-for-trading financial assets	653,228,000.00	195,000,000.00
Derivative financial assets	11,362,725.00	2,069,850.00
Notes receivable	374,959,009.23	161,946,880.21
Accounts receivable	933,630,950.88	1,135,299,895.98
Receivables financing		
Advances paid	15,111,207.68	6,076,163.25
Other receivables	564,793,977.69	603,257,516.95
Including: Interest Receivable	1,789,540.22	
Dividends Receivable	14,438,323.76	
Inventories	344,463,393.93	519,241,847.99
Contract assets		
Assets classified as held for sale		

Non-current assets due within one year		
Other current assets	27,796,271.79	21,333,811.35
Total current assets	4,375,414,050.19	3,684,140,971.04
Non-current assets:		
Debt investments		
Other debt investments		
Long-term receivable		
Long-term equity investments	4,402,111,834.98	4,256,633,941.06
Other equity instrument investments		
Other non-current financial assets		
Investment property		
Fixed assets	1,497,464,939.91	1,460,855,506.39
Construction in progress	65,263,049.57	44,135,844.65
Productive biological assets		
Oil & gas assets		
Right-of-use assets		
Intangible assets	186,236,958.19	189,181,593.94
Development expenditures		
Goodwill		
Long-term prepayments	312,659.05	625,318.03
Deferred tax assets	8,164,241.86	17,068,063.08
Other non-current assets	67,980,073.91	109,659,279.90
Total non-current assets	6,227,533,757.47	6,078,159,547.05
Total assets	10,602,947,807.66	9,762,300,518.09
Current liabilities:		
Short-term borrowings	771,283,865.78	730,799,542.65
Held-for-trading financial liabilities		
Derivative financial liabilities		
Notes payable	58,894,261.28	
Accounts payable	1,414,719,890.68	1,431,862,681.89
Advances received	216,579.50	92,676.29
Contract liabilities		
Employee benefits payable	60,750,804.91	65,680,254.82
Taxes and rates payable	7,918,874.44	1,576,623.72

Other payables	1,503,361,654.84	1,252,808,472.44
Including: interest payable		
Dividends Payable		
Liabilities classified as held for sale		
Non-current liabilities due within one year		220,225,194.44
Other current liabilities		
Total current liabilities	3,817,145,931.43	3,703,045,446.25
Non-current liabilities:		
Long-term borrowings	770,756,434.72	
Bonds payable		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities		
Long-term payables		
Long-term employee benefits payable		
Provisions		
Deferred income	27,394,542.02	30,895,817.00
Deferred tax liabilities	32,962,814.80	31,296,603.88
Other non-current liabilities		
Total non-current liabilities	831,113,791.54	62,192,420.88
Total liabilities	4,648,259,722.97	3,765,237,867.13
Equity:		
Share capital	3,592,041,778.00	2,765,657,898.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserve	1,158,243,441.49	2,005,303,119.53
Less: treasury shares	309,452,726.34	363,781,151.34
Other comprehensive income		
Special reserve		
Surplus reserve	431,209,447.07	431,209,447.07
Undistributed profit	1,082,646,144.47	1,158,673,337.70
Total equity	5,954,688,084.69	5,997,062,650.96
Total liabilities & equity	10,602,947,807.66	9,762,300,518.09

3. Consolidated Income Statement

Unit: RMB

Items	2020 Interim	2019 Interim
I. Total operating revenue	5,318,178,626.77	5,831,107,028.08
Including: Operating revenue	5,318,178,626.77	5,831,107,028.08
Interest income		
Premium earned		
Revenue from handling charges and commission		
II. Total operating cost	4,658,848,422.13	5,050,671,056.89
Including: Operating cost	3,839,626,004.70	4,179,915,713.98
Interest expenses		
Handling charges and commission expenditures		
Surrender value		
Net payment of insurance claims		
Net provision of insurance policy reserve		
Premium bonus expenditures		
Reinsurance expenses		
Taxes and surcharges	36,309,640.40	41,858,591.20
Selling expenses	257,442,500.54	263,730,876.93
Administrative expenses	315,350,745.15	304,294,733.96
R&D expenses	240,012,928.38	248,506,405.93
Financial expenses	-29,893,397.04	12,364,734.89
Including: Interest expenses	32,558,310.10	26,919,773.79
Interest income	19,167,271.27	11,053,538.87
Add: Other income	101,528,141.23	52,433,523.85
Investment income (or less: losses)	-8,109,921.96	30,358,255.34
Including: Investment income from associates and joint ventures	1,826,673.64	508,944.08
Gains from derecognition of financial assets at amortized cost	-114,807.17	
Gains on foreign exchange (or less: losses)		
Gains on net exposure to hedging risk (or less: losses)		
Gains on changes in fair value (or less: losses)	6,520,045.96	8,436,416.96
Credit impairment loss	-12,874,290.80	-19,122,897.76

Assets impairment loss	-6,302,857.17	-22,535,866.59
Gains on asset disposal (or less: losses)	-319,355.00	-122,323.66
III. Operating profit (or less: losses)	739,771,966.90	829,883,079.33
Add: Non-operating revenue	1,466,984.81	2,717,783.94
Less: Non-operating expenditures	1,354,079.15	1,257,816.96
IV. Profit before tax (or less: total loss)	739,884,872.56	831,343,046.31
Less: Income tax expense	99,017,348.37	142,881,546.88
V. Net profit (or less: net loss)	640,867,524.19	688,461,499.43
(I) Categorized by the continuity of operations		
1. Net profit from continuing operations (or less: net loss)	640,867,524.19	688,461,499.43
2. Net profit from discontinued operations (or less: net loss)		
(II) Categorized by the portion of equity ownership		
1. Net profit attributable to owners of parent Company (or less: net loss)	643,481,717.35	692,968,498.78
2. Net profit attributable to non-controlling shareholders (or less: net loss)	-2,614,193.16	-4,506,999.35
VI. Other comprehensive income after tax	-26,456,121.98	-3,329,949.74
Items attributable to the owners of the parent Company	-26,456,121.98	-3,329,949.74
(I) Not to be reclassified subsequently to profit or loss		
1. Changes in remeasurement on the net defined benefit plan		
2. Items under equity method that will not be reclassified to profit or loss		
3. Changes in fair value of other equity instrument investments		
4. Changes in fair value of own credit risk		
5. Others		
(II) To be reclassified subsequently to profit or loss	-26,456,121.98	-3,329,949.74
1. Items under equity method that may be reclassified to profit or loss		
2. Changes in fair value of other debt investments		
3. Profit or loss from reclassification of financial assets into other comprehensive income		
4. Provision for credit impairment of other debt investments		
5. Cash flow hedging reserve		
6. Translation reserve	-26,456,121.98	-3,329,949.74
7. Others		
Items attributable to non-controlling shareholders		

VII. Total comprehensive income	614,411,402.21	685,131,549.69
Items attributable to the owners of the parent Company	617,025,595.37	689,638,549.04
Items attributable to non-controlling shareholders	-2,614,193.16	-4,506,999.35
VIII. Earnings per share (EPS):		
(I) Basic EPS (yuan per share)	0.18	0.19
(II) Diluted EPS (yuan per share)	0.18	0.19

Legal representative: Zhang Yabo Person in charge of accounting: Yu Yingkui Person in charge of the accounting institution: Sheng Xiaofeng

4. Income Statement of the Parent Company

Unit: RMB

Items	2020 Interim	2019 Interim
I. Operating revenue	2,117,212,102.62	2,495,838,463.84
Less: Operating cost	1,616,751,481.77	1,965,004,672.15
Taxes and surcharges	14,883,710.72	15,997,771.30
Selling expenses	15,130,538.49	18,249,452.87
Administrative expenses	72,140,520.61	69,118,857.63
R&D expenses	88,292,793.63	96,190,250.84
Financial expenses	8,904,811.12	129,571.18
Including: Interest expenses	34,495,598.61	30,358,919.36
Interest income	10,398,609.20	21,885,553.49
Add: Other income	52,824,654.27	21,442,460.57
Investment income (or less: losses)	10,995,316.73	254,931,773.19
Including: Investment income from associates and joint ventures	1,922,776.38	867,006.32
Gains from derecognition of financial assets at amortized cost		
Gains on net exposure to hedging (or less: losses)		
Gains on changes in fair value (or less: losses)	12,520,875.00	-1,337,748.00
Credit impairment loss	1,810,314.30	-882,179.01
Assets impairment loss		
Gains on asset disposal (or less: losses)	60,000.75	126,257.34
II. Operating profit (or less: losses)	379,319,407.33	605,428,451.96
Add: Non-operating revenue	472,666.13	98,027.21

Less: Non-operating expenditures	137,009.04	301,568.34
III. Profit before tax (or less: total loss)	379,655,064.42	605,224,910.83
Less: Income tax expense	42,344,717.35	52,218,796.69
IV. Net profit (or less: net loss)	337,310,347.07	553,006,114.14
(I) Net profit from continuing operations (or less: net loss)	337,310,347.07	553,006,114.14
(II) Net profit from discontinued operations (or less: net loss)		
V. Other comprehensive income after tax		
(I) Not to be reclassified subsequently to profit or loss		
1.Changes in remeasurement on the net defined benefit plan		
2. Items under equity method that will not be reclassified to profit or loss		
3. Changes in fair value of other equity instrument investments		
4. Changes in fair value of own credit risk		
5. Others		
(II) To be reclassified subsequently to profit or loss		
1. Items under equity method that may be reclassified to profit or loss		
2. Changes in fair value of other debt investments		
3. Profit or loss from reclassification of financial assets into other comprehensive income		
4. Provision for credit impairment of other debt investments		
5. Cash flow hedging reserve (profit or loss on cash flow hedging)		
6. Translation reserve		
7. Others		
VI. Total comprehensive income	337,310,347.07	553,006,114.14

5. Consolidated Cash Flow Statement

Unit: RMB

Items	2020 Interim	2019 Interim
I. Cash flows from operating activities:		
Cash receipts from sale of goods or rendering of services	5,669,226,956.30	5,690,456,680.63
Net increase of client deposit and interbank deposit		
Net increase of central bank loans		
Net increase of loans from other financial institutions		

Cash receipts from original insurance contract premium		
Net cash receipts from reinsurance		
Net increase of policy-holder deposit and investment		
Cash receipts from interest, handling charges and commission		
Net increase of loans from others		
Net increase of repurchase		
Net cash receipts from agency security transaction		
Receipts of tax refund	135,301,637.22	139,825,545.01
Other cash receipts related to operating activities	138,981,847.05	121,184,630.63
Subtotal of cash inflows from operating activities	5,943,510,440.57	5,951,466,856.27
Cash payments for goods purchased and services received	3,476,000,876.09	3,742,133,669.66
Net increase of loans and advances to clients		
Net increase of central bank deposit and interbank deposit		
Cash payments for insurance indemnities of original insurance contracts		
Net increase of loans to others		
Cash payments for interest, handling charges and commission		
Cash payments for policy bonus		
Cash paid to and on behalf of employees	783,884,263.51	775,495,900.36
Cash payments for taxes and rates	205,682,821.70	239,712,962.89
Other cash payments related to operating activities	373,291,029.85	363,569,412.43
Subtotal of cash outflows from operating activities	4,838,858,991.15	5,120,911,945.34
Net cash flows from operating activities	1,104,651,449.42	830,554,910.93
II. Cash flows from investing activities:		
Cash receipts from withdrawal of investments		
Cash receipts from investment income	23,348,369.16	33,755,279.46
Net cash receipts from the disposal of fixed assets, intangible assets and other long-term assets	2,066,447.61	3,718,696.87
Net cash receipts from the disposal of subsidiaries & other business units		
Other cash receipts related to investing activities	277,649,043.00	620,914,127.51
Subtotal of cash inflows from investing activities	303,063,859.77	658,388,103.84
Cash payments for the acquisition of fixed assets, intangible assets and other long-term assets	442,252,824.96	402,675,247.21
Cash payments for investments		

Net increase of pledged borrowings		
Net cash payments for the acquisition of subsidiaries & other business units		
Other cash payments related to investing activities	540,203,379.47	27,864,757.37
Subtotal of cash outflows from investing activities	982,456,204.43	430,540,004.58
Net cash flows from investing activities	-679,392,344.66	227,848,099.26
III. Cash flows from financing activities:		
Cash receipts from absorbing investments	118,643,250.00	3,609,000.00
Including: Cash received by subsidiaries from non-controlling shareholders as investments		3,609,000.00
Cash receipts from borrowings	1,379,378,896.06	652,992,773.64
Other cash receipts related to financing activities	26,080,652.17	58,902,676.13
Subtotal of cash inflows from financing activities	1,524,102,798.23	715,504,449.77
Cash payments for the repayment of borrowings	758,969,786.13	600,819,921.22
Cash payments for distribution of dividends or profits and for interest expenses	451,059,488.63	559,026,654.00
Including: Cash paid by subsidiaries to non-controlling shareholders as dividend or profit	2,680,000.00	11,299,967.32
Other cash payments related to financing activities	3,780,305.89	202,135,525.53
Subtotal of cash outflows from financing activities	1,213,809,580.65	1,361,982,100.75
Net cash flows from financing activities	310,293,217.58	-646,477,650.98
IV. Effect of foreign exchange rate changes on cash & cash equivalents	-25,656,121.98	-3,329,949.74
V. Net increase in cash and cash equivalents	709,896,200.36	408,595,409.47
Add: Opening balance of cash and cash equivalents	2,553,783,015.01	1,164,542,861.48
VI. Closing balance of cash and cash equivalents	3,263,679,215.37	1,573,138,270.95

6. Cash Flow Statement of the Parent Company

Unit: RMB

Items	2020 Interim	2019 Interim
I. Cash flows from operating activities:		
Cash receipts from sale of goods and rendering of services	1,582,936,545.48	1,575,934,290.46
Receipts of tax refund	45,688,483.71	45,554,541.66
Other cash receipts related to operating activities	59,466,164.51	36,560,819.24
Subtotal of cash inflows from operating activities	1,688,091,193.70	1,658,049,651.36
Cash payments for goods purchased and services received	822,533,884.63	927,035,338.75

Cash paid to and on behalf of employees	193,396,299.54	153,147,803.53
Cash payments for taxes and rates	51,272,174.14	42,816,607.59
Other cash payments related to operating activities	79,419,321.52	64,546,685.86
Subtotal of cash outflows from operating activities	1,146,621,679.83	1,187,546,435.73
Net cash flows from operating activities	541,469,513.87	470,503,215.63
II. Cash flows from investing activities:		
Cash receipts from withdrawal of investments	3,000,000.00	5,000,000.00
Cash receipts from investment income	6,834,184.92	252,050,133.00
Net cash receipts from the disposal of fixed assets, intangible assets and other long-term assets	174,800.00	2,191,607.40
Net cash receipts from the disposal of subsidiaries & other business units		3,609,000.00
Other cash receipts related to investing activities	175,228,503.46	499,884,082.87
Subtotal of cash inflows from investing activities	185,237,488.38	762,734,823.27
Cash payments for the acquisition of fixed assets, intangible assets and other long-term assets	102,274,729.91	145,172,309.32
Cash payments for investments	140,874,000.00	9,238,318.85
Net cash payments for the acquisition of subsidiaries & other business units		
Other cash payments related to investing activities	472,363,792.38	309,114,325.61
Subtotal of cash outflows from investing activities	715,512,522.29	463,524,953.78
Net cash flows from investing activities	-530,275,033.91	299,209,869.49
III. Cash flows from financing activities:		
Cash receipts from absorbing investments	118,643,250.00	
Cash receipts from borrowings	1,159,811,000.00	350,000,000.00
Other cash receipts related to financing activities	161,770,652.17	77,272,550.00
Subtotal of cash inflows from financing activities	1,440,224,902.17	427,272,550.00
Cash payments for the repayment of borrowings	570,000,000.00	150,000,000.00
Cash payments for distribution of or profits and for interest expenses	437,223,073.41	538,405,951.79
Other cash payments related to financing activities	12,254,861.11	202,454,564.36
Subtotal of cash outflows from financing activities	1,019,477,934.52	890,860,516.15
Net cash flows from financing activities	420,746,967.65	-463,587,966.15
IV. Effect of foreign exchange rate changes on cash and cash equivalents		
V. Net increase in cash and cash equivalents	431,941,447.61	306,125,118.97
Add: Opening balance of cash and cash equivalents	974,923,339.25	259,366,745.24
VI. Closing balance of cash and cash equivalents	1,406,864,786.86	565,491,864.21

7. Consolidated Statement of Changes in Owners' Equity

Amount of this period

Unit: RMB

Items	2020 Interim														
	Equity Attributable to parent Company											Non-controlling interest	Total equity		
	Share Capital	Other equity instruments			Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit			Others	Subtotal
	Preferr ed shares	Perpet ual bonds	Othe rs												
I. Balance at the end of prior year	2,765,657,898.00				1,090,800,022.06	363,781,151.34	-39,332,748.50		559,896,619.39		5,278,392,288.84		9,291,632,928.45	73,785,537.27	9,365,418,465.72
Add: Cumulative changes of accounting policies															
Error correction of prior period															
Business combination under common control															
Others															
II. Balance at the beginning of current	2,765,657,898.00				1,090,800,022.06	363,781,151.34	-39,332,748.50		559,896,619.39		5,278,392,288.84		9,291,632,928.45	73,785,537.27	9,365,418,465.72

year														
III. Current period increase (or less: decrease)	826,383,880.00				-847,059,678.04	-54,328,425.00	-26,456,121.98				230,144,177.05	237,340,682.03	-2,614,193.16	234,726,488.87
(I) Total comprehensive income							-26,456,121.98				643,481,717.35	617,025,595.37	-2,614,193.16	614,411,402.21
(II) Capital contributed or withdrawn by owners	-291,200.00				-20,384,598.04	-54,328,425.00						33,652,626.96		33,652,626.96
1. Ordinary shares contributed by owners					-49,264,050.00	-49,264,050.00								
2. Capital contributed by holders of other equity instruments														
3. Amount of share-based payment included in equity					30,463,131.96							30,463,131.96		30,463,131.96
4. Others	-291,200.00				-1,583,680.00	-5,064,375.00						3,189,495.00		3,189,495.00
(III) Profit distribution											-413,337,540.30	-413,337,540.30		-413,337,540.30
1. Appropriation of surplus														

reserve															
2. Appropriation of general risk reserve															
3. Appropriation of profit to owners											-413,337,540.30		-413,337,540.30		-413,337,540.30
4. Others															
(IV) Internal carry-over within equity	826,675,080.00				-826,675,080.00										
1. Transfer of capital reserve to capital	826,675,080.00				-826,675,080.00										
2. Transfer of surplus reserve to capital															
3. Surplus reserve to cover losses															
4. Changes in defined benefit plan carried over to retained earnings															
5. Other comprehensive income															

carried over to retained earnings															
6. Others															
(V) Special reserve															
1. Appropriation of current period															
2. Application of current period															
(VI) Others															
IV. Balance at the end of current period	3,592,041,778.00				243,740,344.02	309,452,726.34	-65,788,870.48		559,896,619.39		5,508,536,465.89		9,528,973,610.48	71,171,344.11	9,600,144,954.59

Amount of Previous Period

Unit: RMB

Items	2019 Interim														
	Equity Attributable to parent Company												Non-controlling interest Capital reserve	Total equity Share Capital	
	Share Capital	Other equity instruments			Capital reserve	Share Capital	Other equity instruments	Capital reserve	Share Capital	Other equity instruments	Capital reserve	Share Capital			Other equity instruments
	Preferred shares	Perpetual bonds	Others												
I. Balance at the end of prior year	2,130,646,835.00				1,702,234,409.35	116,457,618.45	-39,303,906.65		448,843,076.37		4,488,881,759.86		8,614,844,555.48	85,232,116.46	8,700,076,671.94

Add: Cumulative changes of accounting policies									120,088.18		8,359,634.19		8,479,722.37		8,479,722.37
Error correction of prior period															
Business combination under common control															
Others															
II. Balance at the beginning of current year	2,130,646,835.00				1,702,234,409.35	116,457,618.45	-39,303,906.65		448,963,164.55		4,497,241,394.05		8,623,324,277.85	85,232,116.46	8,708,556,394.31
III. Current period increase (or less: decrease)	635,011,063.00				-625,636,164.78	183,524,664.63	-3,329,949.74				163,792,612.28		-13,687,103.87	-9,687,586.82	-23,374,690.69
(I) Total comprehensive income							-3,329,949.74				692,968,498.78		689,638,549.04	-4,506,999.35	685,131,549.69
(II) Capital contributed or withdrawn by owners					9,823,629.60	183,524,664.63							-173,701,035.03	-5,180,587.47	-178,881,622.50
1. Ordinary shares contributed by owners														-5,180,587.47	-5,180,587.47
2. Capital contributed by holders															

of other equity instruments															
3. Amount of share-based payment included in equity					9,823,629.60							9,823,629.60			9,823,629.60
4. Others					183,524,664.63							-183,524,664.63			-183,524,664.63
(III) Profit distribution												-529,175,886.50			-529,175,886.50
1. Appropriation of surplus reserve															
2. Appropriation of general risk reserve															
3. Appropriation of profit to owners												-529,175,886.50			-529,175,886.50
4. Others															
(IV) Internal carry-over within equity	635,011,063.00				-635,011,063.00										
1. Transfer of capital reserve to capital	635,011,063.00				-635,011,063.00										
2. Transfer of surplus reserve to															

capital															
3. Surplus reserve to cover losses															
4. Changes in defined benefit plan carried over to retained earnings															
5. Other comprehensive income carried over to retained earnings															
6. Others															
(V) Special reserve															
1. Appropriation of current period															
2. Application of current period															
(VI) Others					-448,731.38							-448,731.38		-448,731.38	
IV. Balance at the end of current period	2,765,657,898.00				1,076,598,244.57	299,982,283.08	-42,633,856.39		448,963,164.55		4,661,034,006.33		8,609,637,173.98	75,544,529.64	8,685,181,703.62

8. Statement of Changes in Owners' Equity of the Parent Company

Amount of this period

Unit: RMB

Items	2020 Interim											
	Share Capital	Other equity instruments			Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Others	Total equity
		Preferred shares	Perpetual bonds	Others								
I. Balance at the end of prior year	2,765,657,898.00				2,005,303,119.53	363,781,151.34			431,209,447.07	1,158,673,337.70		5,997,062,650.96
Add: Cumulative changes of accounting policies												
Error correction of prior period												
Others												
II. Balance at the beginning of current year	2,765,657,898.00				2,005,303,119.53	363,781,151.34			431,209,447.07	1,158,673,337.70		5,997,062,650.96
III. Current period increase (or less: decrease)	826,383,880.00				-847,059,678.04	-54,328,425.00				-76,027,193.23		-42,374,566.27
(I) Total comprehensive income										337,310,347.07		337,310,347.07
(II) Capital contributed or withdrawn by owners	-291,200.00				-20,384,598.04	-54,328,425.00						33,652,626.96
1. Ordinary shares contributed by owners					-49,264,050.00	-49,264,050.00						
2. Capital contributed by holders of other equity instruments												
3. Amount of share-based payment included in equity					30,463,131.96							30,463,131.96

4. Others	-291,200.00				-1,583,680.00	-5,064,375.00						3,189,495.00
(III) Profit distribution											-413,337,540.30	-413,337,540.30
1. Appropriation of surplus reserve												
2. Appropriation of profit to owners											-413,337,540.30	-413,337,540.30
3. Others												
(IV) Internal carry-over within equity	826,675,080.00				-826,675,080.00							
1. Transfer of capital reserve to capital	826,675,080.00				-826,675,080.00							
2. Transfer of surplus reserve to capital												
3. Surplus reserve to cover losses												
4. Changes in defined benefit plan carried over to retained earnings												
5. Other comprehensive income carried over to retained earnings												
6. Others												
(V) Special reserve												
1. Appropriation of current period												
2. Application of current period												
(VI) Others												

IV. Balance at the end of current period	3,592,041,778.00				1,158,243,441.49	309,452,726.34			431,209,447.07	1,082,646,144.47		5,954,688,084.69
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Amount of Previous Period

Unit: RMB

Items	2019 Interim											
	Share Capital	Other equity instruments			Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Others	Total equity
		Preferred shares	Perpetual bonds	Others								
I. Balance at the end of prior year	2,130,646,835.00				2,621,241,593.01	116,457,618.45			320,155,904.05	688,311,336.98		5,643,898,050.59
Add: Cumulative changes of accounting policies									120,088.18	1,080,793.66		1,200,881.84
Error correction of prior period												
Others												
II. Balance at the beginning of current year	2,130,646,835.00				2,621,241,593.01	116,457,618.45			320,275,992.23	689,392,130.64		5,645,098,932.43
III. Current period increase (or less: decrease)	635,011,063.00				-625,187,433.40	183,524,664.63				23,830,227.64		-149,870,807.39
(I) Total comprehensive income										553,006,114.14		553,006,114.14
(II) Capital contributed or withdrawn by owners					9,823,629.60	183,524,664.63						-173,701,035.03
1. Ordinary shares contributed by owners												
2. Capital contributed by holders of other equity instruments												

3. Amount of share-based payment included in equity					9,823,629.60							9,823,629.60
4. Others						183,524,664.63						-183,524,664.63
(III) Profit distribution											-529,175,886.50	-529,175,886.50
1. Appropriation of surplus reserve												
2. Appropriation of profit to owners											-529,175,886.50	-529,175,886.50
3. Others												
(IV) Internal carry-over within equity	635,011,063.00				-635,011,063.00							
1. Transfer of capital reserve to capital	635,011,063.00				-635,011,063.00							
2. Transfer of surplus reserve to capital												
3. Surplus reserve to cover losses												
4. Changes in defined benefit plan carried over to retained earnings												
5. Other comprehensive income carried over to retained earnings												
6. Others												
(V) Special reserve												
1. Appropriation of current period												

2. Application of current period												
(VI) Others												
IV. Balance at the end of current period	2,765,657,898.00				1,996,054,159.61	299,982,283.08			320,275,992.23	713,222,358.28		5,495,228,125.04

III. Basic information of the Company

The Company was established by the original Sanhua Fuji Koki Co., Ltd. The Company currently holds a business license with a unified social credit code of 913300006096907427 registered and issued by Zhejiang Administration of Industry and Commerce, with headquarter in Shaoxing City, Zhejiang Province.

The Company operates in the machinery manufacturing industry. Business scope includes production and marketing of Service Valve, Electronic Expansion valve, Drainage Pump, Solenoid Valve, One-way Valve, Compressor Parts, Pressure Pipeline Components, Electromechanical Hydraulic Control Pump and other electromechanical hydraulic control components, undertaking services of inspection, test and analysis of refrigeration accessories, and engaging in import and export business. Main products include control components and parts of household appliances and automobile A/C.

The financial statements have been approved by the board of directors of the Company and disclosed on August 11th, 2020.

Zhejiang Sanhua Climate & Appliance Controls Group Co., Ltd and other subsidiaries are included in the scope of consolidated financial statements in the current period. For further details, please refer to the change of consolidation scope in the notes to the financial report and the description of equity in other entities.

IV. Preparation basis of the financial statements

1. Preparation basis

The financial statements have been prepared on the basis of going concern.

2. Going concern

The Company has the capability to continue as a going concern business for at least 12 months as of the end of current reporting period, without any significant matter affecting its capability of going concern.

V. Significant Accounting Policies and Accounting Estimates

Notes to specific accounting policies and accounting estimates:

1. Statement of compliance with China Accounting Standards for Business Enterprises

The financial statements have been prepared in accordance with the requirements of China Accounting Standards for Business Enterprises (CASBEs), and present truly and completely the financial position, results of operations and cash flows of the Company.

2. Accounting period

The accounting period of the Company is from 1 January to 31 December of each calendar year.

3. Operating cycle

The Company has a relatively short operating cycle for its business, an asset or a liability is classified as current if it is expected to be realized or due within 12 months.

4. Functional currency

The Company's functional currency is Renminbi (RMB) Yuan.

5. The accounting treatment of business combinations involving enterprises under common control and business combinations not involving enterprises under common control

1. Accounting treatment of business combination under common control

Assets and liabilities arising from business combination are measured at carrying amount of the combined party included in the consolidated financial statements of the ultimate controlling party at the combination date. Difference between carrying amount of the equity of the combined party included in the consolidated financial statements of the ultimate controlling party and that of the combination consideration or total par value of shares issued is adjusted to capital reserve, if the balance of capital reserve is insufficient to offset, any excess is adjusted to retained earnings.

2. Accounting treatment of business combination not under common control

When combination cost is in excess of the fair value of identifiable net assets obtained from the acquiree at the acquisition date, the excess is recognized as goodwill; otherwise, the fair value of identifiable assets, liabilities and contingent liabilities, and the measurement of the combination cost are reviewed, then the difference is recognized in profit or loss.

6. Compilation method of consolidated financial statements

The parent Company brings all its controlled subsidiaries into its consolidation scope. The consolidated financial statements are compiled by the parent Company according to "CASBE 33 - Consolidated Financial Statements", based on relevant information and the financial statements of the parent Company and its subsidiaries.

7. Recognition criteria of cash and cash equivalents

Cash as presented in cash flow statement refers to cash on hand and deposit on demand for payment. Cash equivalents refer to short-term, highly liquid investments that can be readily converted to cash and that are subject to an insignificant risk of changes in value.

8. Conversion of transactions and financial statements denominated in foreign currencies

1. Translation of transactions denominated in foreign currency

Transactions denominated in foreign currency are translated into RMB yuan at the spot exchange rate / at the beginning of the month exchange rate at the transaction date at initial recognition. At the balance sheet date, monetary items denominated in foreign currency are translated at the spot exchange rate at the balance sheet date

with difference, except for those arising from the principal and interest of exclusive borrowings eligible for capitalization, included in profit or loss; non-cash items carried at historical costs are translated at the spot exchange rate at the transaction date, with its RMB amount unchanged; non-cash items carried at fair value in foreign currency are translated at the spot exchange rate at the date when the fair value was determined, with difference included in profit or loss or other comprehensive income.

2. Translation of financial statements measured in foreign currency

The assets and liabilities in the balance sheet are translated into RMB at the spot rate at the balance sheet date; the equity items, other than undistributed profit, are translated at the spot rate at the transaction date; the revenues and expenses in the income statement are translated into RMB at the approximate exchange rate similar to the systematically and rationally determined spot exchange rate at the transaction date. The difference arising from foreign currency translation is included in other comprehensive income.

9、Financial instruments

Financial instruments refer to contracts that form one party's financial assets into other parties' financial liabilities or equity instruments.

1. Classification of financial assets and financial liabilities

According to the business model of financial assets management of the Company and the contractual cash flow characteristics of financial assets, the financial assets are mainly classified at the initial recognition into: (1) financial assets at amortized cost; (2) financial assets at fair value through profit or loss. Financial liabilities are mainly classified into the following four categories when initially recognized: (1) financial liabilities at amortized cost. (2) financial liabilities at fair value through profit or loss;

2. Recognition criteria, measurement method and derecognition condition of financial assets and financial liabilities

(1) Recognition criteria and measurement method of financial assets and financial liabilities

When the Company becomes a party to a financial instrument, it is recognized as a financial asset or financial liability. The financial assets and financial liabilities initially recognized by the Company are measured at fair value; for the financial assets and liabilities at fair value through profit or loss, the transaction expenses thereof are directly included in profit or loss; for other categories of financial assets and financial liabilities, the transaction expenses thereof are included into the initially recognized amount. However, at initial recognition, for accounts receivable that do not contain a significant financing component or contracts in which the financing components with associated period less than one year are not considered, the Company measures at their transaction price.

(2) Subsequent measurement of financial assets

The Company measures its financial assets at the amortized costs using effective interest method. Gains or losses on financial assets that are measured at amortized cost and are not part of hedging relationships shall be included into profit or loss when the financial assets are derecognized, reclassified, through the amortization process or in order to recognize impairment gains or losses.

The Company measures its financial assets at fair value. Gains or losses arising from changes in fair value (including interests and dividends) shall be included into profit or loss, except for financial assets that are part of hedging relationships.

(3) Subsequent measurement of financial liabilities

The Company measures its financial liabilities at amortized cost using effective interest method. Gains or losses on financial liabilities that are measured at amortized cost and are not part of hedging relationships shall be included into profit or loss when the financial liabilities are derecognized and through the amortization process.

Financial liabilities designated as at fair value through profit or loss. The Company measures such kind of liabilities at fair value. Other gains or losses on those financial liabilities shall be included into profit or loss, except for financial liabilities that are part of hedging relationships.

(4) Derecognition of financial assets and financial liabilities

Financial assets are derecognized when:

- a. the contractual rights to the cash flows from the financial assets expire; or
- b. the financial assets have been transferred and the transfer qualifies for derecognition in accordance with “CASBE23 – Transfer of Financial Assets”.

Only when the underlying present obligations of a financial liability are relieved totally or partly may the financial liability be derecognized accordingly.

3. Recognition criteria and measurement method of financial assets transfer

Where the Company has transferred substantially all of the risks and rewards related to the ownership of the financial asset, it derecognizes the financial asset, and any right or liability arising from such transfer is recognized independently as an asset or a liability. If it retained substantially all of the risks and rewards related to the ownership of the financial asset, it continues recognizing the financial asset.

Where the Company does not transfer or retain substantially all of the risks and rewards related to the ownership of a financial asset, it is dealt with according to the circumstances as follows respectively: (1) if the Company does not retain its control over the financial asset, it derecognizes the financial asset, and any right or liability arising from such transfer is recognized independently as an asset or a liability; (2) if the Company retains its control over the financial asset, according to the extent of its continuing involvement in the transferred financial asset, it recognizes the related financial asset and recognizes the relevant liability accordingly.

If the transfer of an entire financial asset satisfies the conditions for derecognition, the difference between the amounts of the following two items are included in profit or loss: (1) the carrying amount of the transferred financial asset as of the date of derecognition; (2) the sum of consideration received from the transfer of the financial asset.

4. Fair value determination method of financial assets and liabilities

The Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value.

5. Impairment of financial instruments

(1) Measurement and accounting treatment

The Company, on the basis of expected credit loss, recognizes loss allowances of financial assets at amortized cost. The Company considers reasonable and evidence-based information about past events, current conditions, and forecasts of future economic conditions, and uses the risk of default as the weight to calculate the difference between the contractual cash flow receivable and the expected cash flow Probability-weighted amount of the present value to confirm expected credit losses. The Company separately measures the expected credit losses of financial instruments at different stages on the balance sheet date. The first stage ,if the credit risk of a financial instrument has not increased significantly since the initial recognition, and the loss provision is measured according to the expected credit loss in the next 12 months. The second stage, if the credit risk of a financial instrument has increased significantly since its initial recognition but no credit impairment has occurred, and the loss provision is measured based on the expected credit loss for the entire duration. The third stage, if a financial instrument has been credit-impaired since its initial recognition, and the loss provision is measured based on the expected credit loss for the entire duration.

Considering reasonable and supportable forward-looking information, the Company compares the risk of a default occurring on the financial instrument as at the balance sheet date with the risk of a default occurring on the

financial instrument as at the date of initial recognition, so as to assess whether the credit risk on the financial instrument has increased significantly since initial recognition.

The Company may assume that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk on the balance sheet date.

Regarding the accounts receivable (including bills receivable and accounts receivable) stipulated in the "CASBE14 –Revenue", regardless of whether it contains significant financing components (including financing in contracts not exceeding one year) Component), the Company measures the loss provision based on the expected credit loss for the entire duration.

For financial instruments in the first and second stages and with lower credit risk, the interest income is calculated based on the book balance and the effective interest rate without deducting the provision for impairment. For financial instruments in the third stage, the interest income is calculated based on the amortized cost and the actual interest rate after the book balance minus the provision for impairment.

If the "credit risk-related information" of a single instrument has been known or is relatively easily available, the Company assesses expected credit risk and measures expected credit losses on the basis of a single financial instrument. Such financial instruments usually include accounts receivable from related parties, deposit deposits receivable from government units or public utility units, and financial instruments with solid evidence that credit impairment has occurred.

If sufficient evidence of "credit risk-related information" cannot be obtained at a reasonable cost at the level of individual instruments, the Company assesses expected credit risk and measures expected credit losses based on a combination of financial instruments. The Company combines financial instruments based on the same or similar credit risk characteristics, including but not limited to aging combinations.

If the availability of "credit risk-related information" of a single tool changes from being difficult to obtain to being available, the Company will change from a combination-based assessment measurement to a single tool-based assessment measurement.

The Company remeasures expected credit losses on each balance sheet date, and the resulting increase in loss reserves or the amount of reversal is included in the current profits and losses as impairment losses or gains. For financial assets measured at amortized cost, the loss allowance shall be deducted from the book value of the financial assets listed in the balance sheet.

(2) Financial instruments with expected credit risk assessed and expected credit losses measured on a collective basis

For other receivables that are difficult to be evaluated and measured by a single tool, the Company mainly combines aging as a credit risk feature, refers to historical credit loss experience, combines current conditions and forecasts of future economic conditions, and adopts default risk exposure and The expected credit loss rate in the next 12 months or the entire duration is used to calculate the expected credit loss.

(3) Accounts receivable and contract assets with expected credit losses measured on a collective basis

Regarding the accounts receivable specified in the "CASBE14 –Revenue", regardless of whether it contains significant financing components (including financing components in contracts not exceeding one year), refer to historical credit loss experience and combine current The situation and the forecast of future economic conditions, through the default risk exposure and the entire duration of the expected credit loss rate, calculate the expected credit loss. For accounts receivable that are difficult to be evaluated and measured by a single tool, the Company divides the accounts receivable into several combinations based on credit risk characteristics, and calculates the expected credit loss on the basis of the combination. The basis for determining the combination and the specific accrual method are shown below table:

Portfolio Name	Basis for determination of	Method for measuring expected credit loss
----------------	----------------------------	---

	portfolio	
Notes receivable—Bank acceptance bill	Accepted by financial institutions	No provision
Notes receivable— Commercial acceptance bill	Not accepted by financial institutions	5%
Accounts receivable—Ages portfolios	Ages	receivable with provision made on a collective basis based on the comparison table of age and expected credit loss rate

Accounts receivable – comparison table of ages and lifetime expected credit loss rate

Ages	Expected credit loss rate
Within 1 year	5%
1-2 years	10%
2-3years	30%
Over 3 years	50%

6. Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are presented separately in the balance sheet and are not offset. However, the Company offsets a financial asset and a financial liability and presents the net amount in the balance sheet when those who meet the corresponding conditions at the same time.

10. Notes Receivable

Reference 9. Financial instruments.

11. Accounts Receivable

Reference 9. Financial instruments.

12. Other receivables

Recognizing methods and accounting methods of the expected credit loss of other receivables

Reference 9. Financial instruments.

13. Inventories

1. Category of inventory

Inventories include materials, work in process in the process of production and finished goods etc.

2.Determination of cost

If priced at actual cost, the weighted average method is adopted. If priced according to the planned cost, the cost difference shall be carried forward at the same time at the end of the month.

3. Basis for the determination of net realizable value and provision method for decline in value of inventories

At the balance sheet date, inventories are measured at the lower of cost or net realizable value; provisions for inventory write-down are made on the excess of its cost over the net realizable value.

4. Inventory system

The perpetual inventory system is adopted.

5. Revolving materials are amortized with one-off method.

14. Long-term equity investments

1. Judgment of joint control and significant influence

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of these policies.

2. Determination of investment cost

(1) For business combination under common control, if the consideration of the combining party is that it makes payment in cash, transfers non-cash assets, assumes its liabilities or issues equity securities, on the date of combination, it regards the share of the carrying amount of the equity of the combined party included in the consolidated financial statements of the ultimate controlling party as the initial cost of the investment. The difference between the initial cost of the long-term equity investments and the carrying amount of the combination consideration paid or the par value of shares issued offsets capital reserve; if the balance of capital reserve is insufficient to offset, any excess is adjusted to retained earnings.

(2) For business combination not under common control, investment cost is initially recognized at the acquisition-date fair value of considerations paid.

(3) Long-term equity investments obtained through ways other than business combination: the initial cost of a long-term equity investment obtained by making payment in cash is the purchase cost which is actually paid.

3. Subsequent measurement and recognition method of gain or loss

For long-term equity investments with control relationship, it is accounted for with cost method; for long-term equity investments with joint control or significant influence relationship, it is accounted for with equity method.

15. Investment property

Investment property measurement model

Measurement by cost method

Depreciation or amortization method

1. Investment property includes land use right of rent-out property and of property held for capital appreciation and buildings that have been leased out.

2. The initial measurement of investment property is based on its cost, and subsequent measurement is made using the cost model, the depreciation or amortization method is the same as that of fixed assets and intangible assets.

16. Fixed assets

1. Recognition principles of fixed assets

Fixed assets are tangible assets held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and expected to be used during more than one accounting year. Fixed assets are recognized if, and only if, it is probable that future economic benefits associated with the assets will flow to the Company and the cost of the assets can be measured reliably.

2. Depreciation method of different categories of fixed assets

Categories	Depreciation method	Useful life (years)	Estimated residual value proportion (%)	Annual depreciation rate (%)
Buildings and structures	Straight-line method	20-30	0%、5%、10%	3%~5%
Machinery and equipment	Straight-line method	5-12	0%、5%、10%	7.50%~20%
Measurement analysis equipment	Straight-line method	5-10	5%	9.50%~19%
Vehicle	Straight-line method	5-8	0%、5%、10%	11.25%~20%
Office equipment and others	Straight-line method	5-8	0%、5%、10%	11.25%~20%

17. Construction in progress

1. Construction in progress is recognized if, and only if, it is probable that future economic benefits associated with the item will flow to the Company, and the cost of the item can be measured reliably. Construction in progress is measured at the actual cost incurred to reach its designed usable conditions.

2. Construction in progress is transferred into fixed assets at its actual cost when it reaches its designed usable conditions. When the construction completion cost reaches final estimating and auditing of the construction in progress was not finished while it reaching the designed usable conditions, it is transferred to fixed assets using estimated value first, and then adjusted accordingly when the actual cost is settled, but the accumulated depreciation is not to be adjusted retrospectively.

18. Borrowing costs

Where the borrowing costs incurred to the Company can be directly attributable to the acquisition and construction or production of assets eligible for capitalization, it is capitalized and included in the costs of relevant assets; other borrowing costs are recognized as expenses on the basis of the actual amount incurred, and are included in profit or loss.

19. Intangible assets

(1). Valuation method, service life, impairment test

Intangible asset includes land use right, patent right and non-patented technology etc. The initial measurement of intangible asset is based its cost.

For intangible assets with finite useful lives, its amortization amount is amortized within its useful life systematically and reasonably, if it is unable to determine the expected realization pattern reliably, intangible assets are amortized by the straight-line method with details as follows:

Categories	Amortization method	Amortization period (years)
Land use right	Straight-line method	Contractual service life
AWECO intellectual property and business resources	Straight-line method	4-7
RANCO intellectual property and business resources	Straight-line method	5-8
Intellectual Property of Air Conditioning Controller	Straight-line method	5-10

Patented technology of electronic expansion valve controller of Dotech	Straight-line method	10
Software	Straight-line method	1-4

Intangible assets with indefinite useful life are not amortized, but their useful life is reviewed annually. The indefinite land ownership held by overseas subsidiaries abroad is not amortized due to uncertain service life.

(2). Accounting policy for internal R&D expenditure

Expenditures on the research phase of an internal project are recognized as profit or loss when it is incurred. An intangible asset arising from the development phase of an internal project is recognized if the Company can meet the corresponding conditions.

20. Impairment of long-term assets

Long-term assets, such as long-term equity investment, investment properties, fixed assets, construction in progress, intangible assets that measured at cost are tested for impairment if there is any indication that an asset may be impaired at the balance sheet date. Impairment test to goodwill and the intangible assets whose using life is not certain shall be carried out at least at the end of each year. Goodwill shall be tested for impairment in combination with its related asset group or combination of asset groups.

If the recoverable amount of the aforementioned long-term assets is lower than its book value, the asset impairment provision shall be recognized according to the difference and included in the current profit and loss.

21. Long-term prepayments

The long-term deferred expenses have been accounted for and the amortization period is more than 1 year (excluding 1 year). Long-term prepayments are recorded with actual cost, and evenly amortized within its beneficiary period or stipulated period. If items of long-term prepayments fail to be beneficial to the following accounting periods, residual values of such items are included in profit or loss.

22. Employee benefits

(1). Short-term employee benefits

The Company recognizes, in the accounting period in which an employee provides service, short-term employee benefits actually incurred as liabilities, with a corresponding charge to profit or loss or the cost of a relevant asset.

(2). Post-employment benefits

The Company classifies post-employment benefit plans as either defined contribution plans or defined benefit plans. The Company recognizes in the accounting period in which an employee provides service the contribution payable to a defined contribution plan as a liability, with a corresponding charge to profit or loss or the cost of a relevant asset.

(3). Termination benefits

Termination benefits provided to employees are recognized as an employee benefit liability for termination benefits, with a corresponding charge to profit or loss at the earlier of the following dates: a. when the Company cannot unilaterally withdraw the offer of termination benefits because of an employment termination plan or a curtailment proposal; or b. when the Company recognizes cost or expenses related to a restructuring that involves

the payment of termination benefits.

23. Provisions

1. Provisions are recognized when fulfilling the present obligations arising from contingencies such as providing guarantee for other parties, litigation, products quality guarantee, onerous contract, etc., may cause the outflow of the economic benefit and such obligations can be reliably measured.

2. The initial measurement of provisions is based on the best estimated expenditures required in fulfilling the present obligations, and its carrying amount is reviewed at the balance sheet date.

24. Share-based payment

1. Types of share-based payment

Share-based payment consists of equity-settled share-based payment and cash-settled share-based payment.

2. Accounting treatment for settlements, modifications and cancellations of share-based payment terms and conditions

(1) Equity-settled share-based payment

For equity-settled share-based payment transaction with employees, if the equity instruments granted vest immediately, the fair value of those equity instruments is measured at grant date and recognized as transaction cost or expense, with a corresponding adjustment in capital reserve; if the equity instruments granted do not vest until the counterparty completes a specified period of service, at the balance sheet date within the vesting period, the fair value of those equity instruments measured at grant date based on the best estimate of the number of equity instruments expected to vest is recognized as transaction cost or expense, with a corresponding adjustment in capital reserve.

For equity-settled share-based payment transaction with parties other than employees, if the fair value of the goods or services received can be measured reliably, the fair value is measured at the date the Company obtains the goods or the counterparty renders service; if the fair value of the goods or services received cannot be measured reliably, the fair value of the equity instruments granted measured at the date the Company obtains the goods or the counterparty renders service is referred to, and recognized as transaction cost or expense, with a corresponding increase in equity.

(2) Cash-settled share-based payment

For cash-settled share-based payment transactions with employees, if share appreciation rights vest immediately, the fair value of the liability incurred as the acquisition of goods or services is measured at grant date and recognized as transaction cost or expense, with a corresponding increase in liabilities; if share appreciation rights do not vest until the employees have completed a specified period of service, the liability is measured, at each balance sheet date until settled, at the fair value of the share appreciation rights measured at grant date based on the best estimate of the number of share appreciation right expected to vest.

(3) Modifications and cancellations of share-based payment terms and conditions

If the modification increases the fair value of the equity instruments granted, measured immediately before and after the modification, the Company includes the incremental fair value granted in the measurement of the amount recognized for services received as consideration for the equity instruments granted; similarly, if the modification increases the number of equity instruments granted, the Company includes the fair value of the additional equity instruments granted, measured at the date of the modification, in the measurement of the amount recognized for services received as consideration for the equity instruments granted; if the Company modifies the

vesting conditions in a manner that is beneficial to the employee, the Company takes the modified vesting conditions into account.

If the modification reduces the fair value of the equity instruments granted, measured immediately before and after the modification, the Company does not take into account that decrease in fair value and continue to measure the amount recognized for services received as consideration for the equity instruments based on the grant date fair value of the equity instruments granted; if the modification reduces the number of equity instruments granted to an employee, that reduction is accounted for as a cancellation of that portion of the grant; if the Company modifies the vesting conditions in a manner that is not beneficial to the employee, the Company does not take the modified vesting conditions into account.

If the Company cancels or settles a grant of equity instruments during the vesting period (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied), the Company accounts for the cancellation or settlement as an acceleration of vesting, and therefore recognizes immediately the amount that otherwise would have been recognized for services received over the remainder of the vesting period.

25. Revenue

Accounting policies used in revenue recognition and measurement.

1. Revenue recognition principles

At contract inception, the Company shall assess the contracts and shall identify each performance obligation in the contracts, and determine whether the performance obligation should be satisfied over time or at a point in time.

The Company satisfies a performance obligation over time if one of the following criteria is met, otherwise, the performance obligation is satisfied at a point in time: (1) the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs; (2) the customer can control goods or services as they are created by the Company's performance; (3) the Company's performance does not create goods or services with an alternative uses and the Company has an enforceable right to payment for performance completed to date.

For each performance obligation satisfied over time, the Company shall recognize revenue over time by measuring the progress towards complete satisfaction of that performance obligation. In the circumstance that the progress cannot be measured reasonably, but the costs incurred in satisfying the performance obligation are expected to be recovered, the Company shall recognize revenue only to the extent of the costs incurred until it can reasonably measure the progress. To determine whether the customer has obtained control of goods, the Company shall consider the following indicators: (1) the Company has a present right to payment for the goods, i.e., the customer is presently obliged to pay for the goods; (2) the Company has transferred the legal title of the goods to the customer, i.e., the customer has legal title to the goods; (3) the Company has transferred physical possession of the goods, i.e., the customer has physically possessed the goods; (4) the Company has transferred significant risks and rewards of ownership of the goods, i.e., the customer has obtained significant risks and rewards of ownership of the goods; (5) the customer has accepted the goods; (6) other indicators showing the customer has obtained control over the goods.

2. Measurement principle

(1) Revenue is measured at the amount of the transaction price that is allocated to each performance obligation. The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties and those expected to be refunded to the customer.

(2) If the consideration promised in a contract includes a variable amount, the Company shall estimate the amount of consideration at expected value or the most likely amount. The Company shall include in the transaction price the amount of variable consideration only to the extent that it is high probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

(3) In the circumstance that the contract contains a significant financing component, the Company shall determine the transaction price based on the price that a customer would have paid for if the customer had paid cash for obtaining control over those goods or services. The difference between the transaction price and the amount of promised consideration is amortized under effective interest method over contractual period. The effects of a significant financing component shall not be considered if the Company expects, at the contract inception, that the period between when the customer obtains control over goods or services and when the customer pays consideration will be one year or less.

(4) For contracts containing two or more performance obligations, the Company shall determine the stand-alone selling price at contract inception of the distinct good underlying each performance obligation and allocate the transaction price to each performance obligation on a relative stand-alone selling price basis.

3. Revenue recognition method

(1) The Company mainly sells control components and parts for household appliances and automobile air conditioners. Due to continuous batch supply, product sales revenue is confirmed after delivery inspection and receipt of payment receipts. Export sales revenue is recognized after customs declaration and export and obtaining the bill of lading.

(2) Recognition of income from the sale of scrap metal after weighing and taking delivery and obtaining receipts.

Differences in revenue recognition accounting policies caused by different business models of similar businesses

26. Government grants

1. Government grants shall be recognized if, and only if, the following conditions are all met: (1) the Company will comply with the conditions attaching to the grants; (2) the grants will be received. Monetary government grants are measured at the amount received or receivable. Non-monetary government grants are measured at fair value, and can be measured at nominal amount in the circumstance that fair value can't be assessed.

2. Government grants related to assets

Government grants related to assets are government grants with which the Company construct or otherwise acquire long-term assets under requirements of government. In the circumstances that there is no specific government requirement, the Company shall determine based on the primary condition to acquire the grants and government grants related to assets are government grants whose primary condition is to construct or otherwise acquire long-term assets. They offset carrying amount of relevant assets or recognized as deferred income. If recognized as deferred income, they are included in profit or loss on a systematic basis over the useful lives of the relevant assets. Those measured at notional amount is directly included into profit or loss. For assets sold, transferred, disposed or damaged within the useful lives, balance of unamortized deferred income is transferred into profit or loss of the year in which the disposal occurred.

3. Government grants related to income

Government grants related to income are government grants other than those related to assets. For government grants that contain both parts related to assets and parts related to income, in which those two parts

are blurred and thus collectively classified as government grants related to income. For government grants related to income used for compensating the related future cost, expenses or losses of the Company are recognized as deferred income and are included in profit or loss or offset relevant cost during the period in which the relevant cost, expenses or losses are recognized; for government grants related to income used for compensating the related cost, expenses or losses incurred to the Company, they are directly included in profit or loss or directly offset relevant cost.

4. Government grants related to the ordinary course of business shall be included into other income or offset relevant cost based on business nature, while those not related to the ordinary course of business shall be included into non-operating revenue or expenditures.

27. Deferred tax assets/Deferred tax liabilities

1. Deferred tax assets or deferred tax liabilities are calculated and recognized based on the difference between the carrying amount and tax base of assets and liabilities (and the difference of the carrying amount and tax base of items not recognized as assets and liabilities but with their tax base being able to be determined according to tax laws) and in accordance with the tax rate applicable to the period during which the assets are expected to be recovered or the liabilities are expected to be settled.

2. A deferred tax asset is recognized to the extent of the amount of the taxable income, which it is most likely to obtain and which can be deducted from the deductible temporary difference. At the balance sheet date, if there is any exact evidence that it is probable that future taxable profits will be available against which deductible temporary differences can be utilized, the deferred tax assets unrecognized in prior periods are recognized.

3. At the balance sheet date, the carrying amount of deferred tax assets is reviewed. The carrying amount of a deferred tax asset is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the benefit of the deferred tax asset to be utilized. Such reduction is subsequently reversed to the extent that it becomes probable that sufficient taxable income will be available.

4. The income tax and deferred tax for the period are treated as income tax expenses or income through profit or loss, excluding those arising from the following circumstances: (a) business combination; and (b) the transactions or items directly recognized in equity.

28. Leases

(1). Accounting of operating lease

When the Company is the lessee, during each period of the lease term, the rent is included in the relevant asset cost or recognized as the current profit and loss according to the straight-line method, and the initial direct expenses incurred are directly included in the current profit and loss. Contingent rents are included in the current profits and losses when they actually occur.

When the Company is the lessor, during each period of the lease term, the rent is recognized as the current profit and loss according to the straight-line method, and the initial direct expenses incurred are directly included in the current profit and loss except for the larger amount which is capitalized and included in the profit and loss in installments. Contingent rents are included in the current profits and losses when they actually occur.

(2). Accounting of finance lease

When the Company is the lessee, on the start date of the lease term, the Company uses the lower of the fair value of the leased asset on the lease start date and the present value of the minimum lease payment as the entry value of the leased asset, and the minimum lease payment as the long-term payable. For the recorded value of the

loan, the difference is the unrecognized financing cost, and the initial direct cost incurred is included in the value of the leased asset. In each period of the lease period, the actual interest rate method is used to calculate and confirm the current financing costs.

When the Company is the lessor, at the beginning of the lease period, the Company uses the sum of the minimum lease payment on the lease start date and the initial direct cost as the entry value of the financial lease receivable, and records the unsecured residual value at the same time; collects the minimum lease payment. The difference between the sum of initial direct costs and the sum of unguaranteed residual value and the sum of its present value is recognized as unrealized financing income. In each period of the lease period, the actual interest rate method is used to calculate and confirm the current financing income.

29. Other significant accounting policies and estimates

Segment reporting

Reportable segments are identified based on operating segments which are determined based on the structure of the Company's internal organization, management requirements and internal reporting system. An operating segment is a component of the Company that:

1. engages in business activities from which it may earn revenues and incur expenses;
2. whose financial performance are regularly reviewed by Management to make decisions about resource to be allocated to the segment and assess its performance; and
3. for which financial information regarding financial position, financial performance and cash flows is available.

30. Changes in significant accounting policies and accounting estimates

(1) Changes in significant accounting policies

Applicable Not applicable

The Company has adopted "CASBE 14 - Revenue" revised by Ministry of Finance of PRC (the "revised lease standard") since January 1, 2020.

(2) Adjustments to the first implementation of the financial statements at the beginning of the year at the first implementation of new revenue standards.

Applicable Not applicable

Whether it is necessary to adjust the balance sheet accounts at the beginning of the year

Yes No

Explain why there is no need to adjust the balance sheet accounts at the beginning of the year

The Company has adopted "CASBE 14 - Revenue" revised by Ministry of Finance of PRC (the "revised lease standard") since January 1, 2020. No impact on the data at the beginning of the year.

VI. Taxes

1. Major categories of taxes and tax rates

Tax Type	Taxation basis	Tax rate
----------	----------------	----------

VAT	The taxable revenue from sales of goods or rendering of services	13%
Urban maintenance and construction tax	The sum of turnover tax payable and VAT exemption	5%, 7%
Enterprise income tax	Taxable income	15%, 25%

Different enterprise income tax rates applicable to different taxpayers:

Taxpayers	Income tax rate
Zhejiang Sanhua Intelligent Controls Co., Ltd	15%
Zhejiang Sanhua Climate & Appliance Controls group Co., Ltd	15%
Wuhu Sanhua Auto-control Components Co., Ltd	15%
Zhejiang Sanhua Automotive Components Co., Ltd.	15%
Sanhua(hangzhou) Micro Channel Heat Exchanger Co., Ltd	15%
Hangzhou Leaderway Electronics Co. Ltd	15%
Zhuhai Hengtu Electronics Co., Ltd.	15%
Wuhu Sanhua Refrigeration Fittings Co. Ltd	15%
Sanhua (Jiangxi) Self - control Components Co., Ltd.	15%
Wuhan Sanhua Refrigeration Parts Co., Ltd	15%
Sanhua AWECO Appliance Systems (Wuhu) Co., Ltd.	15%
Domestic taxpayers other than the above-mentioned	25%

2. Preferential tax rate

1. Enterprise income tax

Being categorized as high-tech enterprises, the income tax of the Company and several subsidiaries for 2020 are temporarily calculated at a preferential tax rate of 15%, and the final income tax settlement shall prevail.

2. Value-added tax

Several subsidiaries are welfare enterprises and can enjoy the preferential policy of "VAT refund". The exceeding portion over the 3% VAT payable of the certified software products enjoy the immediate refund policy. Export goods enjoy the VAT exemption and refund policy.

VII. Notes to Items in the Consolidated Financial Statements

1. Cash and bank balances

Unit: RMB

Items	Closing balance	Opening balance
Cash on hand	572,367.71	417,814.58
Cash in bank	3,263,106,847.66	2,553,365,200.43

Other cash and bank balances	148,361,603.85	109,936,755.14
Total	3,412,040,819.22	2,663,719,770.15
Including: deposit overseas	346,614,002.37	488,694,193.85
The total amount of the cash and bank balances that are limited by mortgage, pledge or freeze	148,361,603.85	109,936,755.14

Other remarks:

2. Held-for-trading financial assets

Unit: RMB

Items	Closing balance	Opening balance
Financial assets at fair value through profit or loss	1,221,535,291.01	993,634,433.31
Including:		
Bank financial products	1,221,535,291.01	993,634,433.31
Including:		
Total	1,221,535,291.01	993,634,433.31

Other remarks:

3. Derivative Financial Assets

Unit: RMB

Items	Closing balance	Opening balance
Foreign exchange contract	229,194.90	3,371,510.40
Futures contract	23,478,931.42	4,942,890.33
Total	23,708,126.32	8,314,400.73

Other remarks:

4. Notes receivable

(1) Categories of notes receivable

Unit: RMB

Items	Closing balance	Opening balance
Bank acceptance bill	1,551,375,087.54	1,981,778,291.59
Commercial acceptance bill	101,536,262.45	115,381,616.81
Total	1,652,911,349.99	2,097,159,908.40

Unit: RMB

Categories	Closing balance					Opening balance				
	Book balance		Provision for bad debt		Carrying amount	Book balance		Provision for bad debt		Carrying amount
	Amount	Proportion	Amount	Accrued proportion		Amount	Proportion	Amount	Accrued proportion	
Including:										
Notes receivable with provision for bad debt made on a collective basis	1,658,255,363.79	100.00%	5,344,013.80	0.32%	1,652,911,349.99	2,103,232,625.08	100.00%	6,072,716.68	0.29%	2,097,159,908.40
Including:										
Bank acceptance bill	1,551,375,087.54	93.55%			1,551,375,087.54	1,981,778,291.59	94.23%			1,981,778,291.59
Commercial acceptance bill	106,880,276.25	6.45%	5,344,013.80	5.00%	101,536,262.45	121,454,333.49	5.77%	6,072,716.68	5.00%	115,381,616.81
Total	1,658,255,363.79	100.00%	5,344,013.80	0.32%	1,652,911,349.99	2,103,232,625.08	100.00%	6,072,716.68	0.29%	2,097,159,908.40

Provision for bad debt made on a collective basis:

Unit: RMB

Items	Closing balance		
	Book balance	Provision for bad debt	Accrued proportion
Bank acceptance bill	1,551,375,087.54		
Commercial acceptance bill	106,880,276.25	5,344,013.80	5.00%
Total	1,658,255,363.79	5,344,013.80	--

Remarks on the determination basis of portfolio:

If the provision for bad debt of notes receivable is in accordance with the general expected credit loss model, please refer to the disclosure of the bad debt provision for other receivables:

Applicable Not Applicable

(2) Provision for bad debt accrued, recovered or reversed in current period

Provision for bad debt accrued in current period:

Unit: RMB

Categories	Opening balance	Changed amount of this period				Closing balance
		Accrual	Recovered or	Write off	Others	

			reversed			
Commercial acceptance bill	6,072,716.68		728,702.88			5,344,013.80
Total	6,072,716.68		728,702.88			5,344,013.80

Including significant provision for bad debt recovered or reversed amount:

Applicable Not Applicable

(3) Notes receivable pledged by the Company at the end of the reporting period

Unit: RMB

Items	Closing balance of pledged notes
Bank acceptance bill	1,264,550,094.76
Total	1,264,550,094.76

(4) Endorsed or discounted but undue notes at the balance sheet date

Unit: RMB

Items	Closing balance derecognized	Closing balance not yet derecognized
Bank acceptance bill	32,009,582.10	
Commercial acceptance bill	29,035,960.88	8,977,580.15
Total	61,045,542.98	8,977,580.15

5. Accounts receivable

(1) Disclosure of accounts receivable by categories

Unit: RMB

Categories	Closing balance					Opening balance				
	Book balance		Provision for bad debt		Carrying amount	Book balance		Provision for bad debt		Carrying amount
	Amount	Proportion	Amount	Accrued proportion		Amount	Proportion	Amount	Accrued proportion	
Receivables with provision made on an individual basis	473,410.84	0.02%	473,410.84	100.00%		447,139.67	0.02%	447,139.67	100.00%	0.00
Including:										
Receivables with provision made on a collective basis	2,243,483,549.68	99.98%	112,875,863.78	5.03%	2,130,607,685.90	1,970,386,982.39	99.98%	99,063,459.57	5.03%	1,871,323,522.82

Including:										
Total	2,243,956,960.52	100.00%	113,349,274.62	5.05%	2,130,607,685.90	1,970,834,122.06	100.00%	99,510,599.24	5.05%	1,871,323,522.82

Provision made on an individual basis:

Unit: RMB

Items	Closing balance			
	Book balance	Provision for bad debt	Accrued proportion	Accrued reason
Guangzhou Taiyi Automobile Air Conditioning Electronic Equipment Co., Ltd., etc.	473,410.84	473,410.84	100.00%	
Total	473,410.84	473,410.84	--	--

Provision made on a collective basis: provision made on a collective basis based on the aging of the accounts receivable

Unit: RMB

Items	Closing balance		
	Book balance	Provision for bad debt	Accrued proportion
Within 1 year	2,234,190,927.71	111,709,546.37	5.00%
1 to 2 years	8,639,632.26	863,963.23	10.00%
2 to 3 years	120,703.35	36,211.00	30.00%
Over 3 years	532,286.36	266,143.18	50.00%
Total	2,243,483,549.68	112,875,863.78	--

Remarks on the determination basis of portfolio:

If the provision for bad debt of accounts receivable is in accordance with the general expected credit loss model, please refer to the disclosure of bad debt provision for other receivables:

Applicable Not Applicable

Disclosure by aging

Unit: RMB

Aging	Closing balance
Within 1 year (including 1 year)	2,234,190,927.71
1 to 2 years	8,639,632.26
2 to 3 years	120,703.35
Over 3 years	1,005,697.20
Total	2,243,956,960.52

(2) Provision for bad debt accrued, recovered or reversed in current period

Provision for bad debt accrued in current period:

Unit: RMB

Categories	Opening balance	Changed amount of the current period				Closing balance
		Accrued	Recovered or reversed	Write off	Others	
Receivables with provision made on an individual basis	447,139.67	26,271.17				473,410.84
Receivables with provision made on a collective basis	99,063,459.57	13,812,949.09		544.88		112,875,863.78
Total	99,510,599.24	13,839,220.26		544.88		113,349,274.62

(3) Actual write-off of accounts receivable in current period

Actual write-off of accounts receivable in current period is RMB 544.88.

(4) Top 5 debtors with the largest accounts receivable balances

Unit: RMB

Debtors	Closing balance	Proportion to the total balance of accounts receivable	Provision for bad debt at the end of the period
Top 5 debtors with the largest balances	763,257,417.91	34.01%	38,205,528.30
Total	763,257,417.91	34.01%	

6. Advances paid**(1) Advances paid by aging**

Unit: RMB

Aging	Closing balance		Opening balance	
	Amount	Percentage	Amount	Percentage
Within 1 year (including 1 year)	87,228,820.00	95.67%	59,688,137.51	94.94%
1 to 2 years	1,885,267.20	2.07%	1,274,082.94	2.03%
2 to 3 years	1,083,388.18	1.19%	1,799,865.58	2.86%

Over 3 years	981,154.95	1.07%	109,838.27	0.17%
Total	91,178,630.33	--	62,871,924.30	--

Remarks on reasons for unsettled significant advances paid with aging over one year:

(2) Top 5 debtors with the largest advances paid balances

Closing balance of the top 5 debtors totaled RMB 24,167,344.71, accounting for 26.51% of the total closing balance of the advances paid.

Other remarks:

7. Other receivables

Unit: RMB

Items	Closing balance	Opening balance
Other receivables	66,256,474.54	97,394,782.97
Total	66,256,474.54	97,394,782.97

(1) Other receivables

1) Other receivables categorized by nature

Unit: RMB

Items	Closing balance	Opening balance
Tax refund receivable	20,548,202.00	46,670,909.67
Guarantee deposits	32,751,602.02	30,166,732.62
Others	15,438,204.76	23,292,984.90
Total	68,738,008.78	100,130,627.19

2) Provision of bad debt

Unit: RMB

Provision for bad debt	Phase 1	Phase 2	Phase 3	Total
	Next 12-month expected credit losses	Lifetime expected credit losses (credit not impaired)	Lifetime expected credit losses (credit impaired)	
Balance on January 1, 2020	1,439,293.11	1,296,551.11		2,735,844.22
Balance in current period on January 1, 2020	—	—	—	—

Provision made in current period		121,411.51		121,411.51
Provision recovered in current period	375,721.49			375,721.49
Balance on June 30, 2020	1,063,571.62	1,417,962.62		2,481,534.24

Loss provisions for significant changes in book balances in current period

Applicable Not Applicable

Disclose by aging

Unit: RMB

Aging	Closing balance
Within 1 year (including 1 year)	1,063,571.62
1 to 2 years	375,109.33
2 to 3 years	238,282.05
Over 3 years	804,571.24
Total	2,481,534.24

3) Provision for bad debt accrued, recovered or reversed in current period

Provision for bad debt accrued in current period:

Unit: RMB

Categories	Opening balance	Changed amount of the current period				Closing balance
		Accrued	Recovered or reversed	Write off	Others	
Receivables with provision made on a collective basis	2,735,844.22	121,411.51	375,721.49			2,481,534.24
Total	2,735,844.22	121,411.51	375,721.49			2,481,534.24

4) Details of the top 5 debtors with largest balances

Unit: RMB

Items	Nature of receivables	Closing balance	Ages	Proportion to the total balance of other receivables	Provision for bad debt at the end of the period
Tax refund receivables	Tax refund	20,548,202.00	Within 1 year(including 1 year)	29.89%	
Finance Bureau of Xinchang County	Performance bond	6,971,285.00	1 to 3 years	10.14%	

Shaoxing Binhai New City Management Committee	Performance bond for land and project construction	5,410,000.00	1 to 3 years	7.87%	
Xinchang County Land Reserve Development Center	Deposit of construction projects	3,774,000.00	Over 3 years	5.49%	
Finance Bureau of Yijiang District, Wuhu City	Deposit of construction projects	3,751,000.00	1 to 7 years	5.46%	
Total	--	40,454,487.00	--	58.85%	

5) Other receivables related to Government grants

Unit: RMB

Items	Government grant	Closing balance	Ages	Estimated receipt time, amount and basis
Local finance and taxation departments	VAT refund of civil welfare enterprises	2,521,640.84	Within 1 year	From July to October, 2020, Tax refund return

8. Inventories

Whether the Company needs to comply with the disclosure requirements of the real estate industry

No

(1) Categories of inventories

Unit: RMB

Items	Closing balance			Opening balance		
	Book balance	Provision for decline in value of inventories or provision for impairment of contract performance costs	Carrying amount	Book balance	Provision for decline in value of inventories or provision for impairment of contract performance costs	Carrying amount
Raw materials	458,105,736.83	34,167,655.65	423,938,081.18	402,017,918.68	29,042,388.91	372,975,529.77
Work-in-progress	225,619,929.38	4,730,403.55	220,889,525.83	312,143,395.71	4,759,164.75	307,384,230.96
Finished goods	1,309,147,400.86	51,969,501.50	1,257,177,899.36	1,558,291,038.03	58,630,244.52	1,499,660,793.51

Others	890,879.80		890,879.80	818,041.83		818,041.83
Total	1,993,763,946.87	90,867,560.70	1,902,896,386.17	2,273,270,394.25	92,431,798.18	2,180,838,596.07

(2) Provision for decline in value of inventories and Provision for impairment of contract performance costs

Unit: RMB

Items	Opening balance	Increase in current period		Decrease in current period		Closing balance
		Accrued	Others	Reversal or write off	Others	
Raw materials	29,042,388.91	5,799,127.62		673,860.88		34,167,655.65
Work-in-progress	4,759,164.75			28,761.20		4,730,403.55
Finished goods	58,630,244.52	1,957,614.90		8,618,357.92		51,969,501.50
Others						
Total	92,431,798.18	7,756,742.52		9,320,980.00		90,867,560.70

The determination of the net realizable value of the excess & obsolete inventories of metal materials at the end of the period is the scrap metal recovery price. The determination of the net realizable value of the excess & obsolete inventories of electronic components is RMB 0.

9. Other current assets

Unit: RMB

Items	Closing balance	Opening balance
Deductible input tax	25,187,707.43	41,622,415.21
Prepaid Enterprise income tax	52,657,538.58	33,856,030.95
Others	3,575,506.83	454,807.12
Total	81,420,752.84	75,933,253.28

Other remarks:

10. Long-term receivable

(1) Long-term receivable

Unit: RMB

Items	Closing balance			Opening balance			Range of discount rate
	Book balance	Provision for bad debt	Carrying amount	Book balance	Provision for bad debt	Carrying amount	
Employee home loan	2,306,862.76		2,306,862.76	2,145,963.27		2,145,963.27	
Total	2,306,862.76		2,306,862.76	2,145,963.27		2,145,963.27	--

Impairment of provision for bad debt

Unit: RMB

Provision for bad debt	Phase 1	Phase 2	Phase 3	Total
	Next 12-month expected credit losses	Lifetime expected credit losses (credit not impaired)	Lifetime expected credit losses (credit impaired)	
Balance in current period on January 1, 2020	—	—	—	—

Loss provisions for significant changes in book balances in current period

□ Applicable √ Not Applicable

11. Long-term equity investments

Unit: RMB

Investees	Opening balance (Carrying amount)	Increase/decrease in current period								Closing balance (Carrying amount)	Closing balance of provision for impairment
		Investment increased	Investment decreased	Investment income recognized under equity method	Adjustment in other comprehensive income	Changes in other equity	Cash dividends or profit declared to distribution	Provision for impairment	Others		
I. Joint ventures											
II. Associates											
Guochuang Energy Internet Innovation Center (Guangdong) Co., Ltd.	1,493,718.98			-446.80						1,493,272.18	
Chongqing Tainuo Machinery Co.,	8,847,728.00			1,544,830.62			1,500,000.00			8,892,558.62	

Ltd.											
Nanchang Sanhua Jinlifeng Machinery Co., Ltd.	2,335,242.16			406,364.13			500,000.00			2,241,606.29	
Zhongsan Sanhua Tainuo Machinery Co., Ltd.	27,971.57			-27,971.57						0.00	
Qingdao Sanhua Jinlifeng Machinery Co., Ltd.	0.00									0.00	
Zhongsan Xuanyi Pipe Manufacturing Co., Ltd.	1,817,599.09			-96,102.74						1,721,496.35	
Subtotal	14,522,259.80			1,826,673.64			2,000,000.00			14,348,933.44	
Total	14,522,259.80			1,826,673.64			2,000,000.00			14,348,933.44	

Other remarks

12. Investment property**(1) Investment property measured by cost method**

√ Applicable □ Not Applicable

Unit: RMB

Items	Buildings and structures	Land use right and Overseas land ownership	Construction in progress	Total
I. Original Carrying amount				
1. Opening balance	36,137,499.11	10,455,622.00		46,593,121.11
2. Increase in current period	282,802.21	64,165.50		346,967.71
(1) Acquisition				
(2) Transferred in from inventory\fixed assets\ construction in progress				
(3) Business combination				
(4)Converted difference in Foreign Currency Statements	282,802.21	64,165.50		346,967.71
3. Decrease in current period				
(1) Disposal				
(2) Other transfer out				
4. Closing balance	36,420,301.32	10,519,787.50		46,940,088.82
II. Accumulated depreciation and amortization				
1. Opening balance	17,507,685.84	2,059,461.22		19,567,147.06
2. Increase in current period	1,033,941.04	76,000.46		1,109,941.50
(1) Accrual or amortization	926,917.56	76,000.46		1,002,918.02
(2)Converted difference in Foreign Currency Statements	107,023.48			107,023.48
3. Decrease in current period				
(1) Disposal				
(2) Other transfer out				

4.Closing balance	18,541,626.88	2,135,461.68		20,677,088.56
III. Provision for impairment				
1.Opening balance				
2. Increase in current period				
(1) Accrual				
3.Decrease in current period				
(1) Disposal				
(2) Other transfer out				
4.Closing balance				
IV. Carrying amount				
1.Closing balance	17,878,674.44	8,384,325.82		26,263,000.26
2.Opening balance	18,629,813.27	8,396,160.78		27,025,974.05

13. Fixed assets

Unit: RMB

Items	Closing balance	Opening balance
Fixed assets	3,625,967,658.09	3,379,608,199.26
Total	3,625,967,658.09	3,379,608,199.26

(1) Fixed assets

Unit: RMB

Items	Buildings and structures	Machinery and equipment	Measurement analysis equipment	Transportation vehicles	Office and other equipment	Total
I. Original book value:						
1.Opening balance	2,157,358,358.56	3,050,563,131.59	77,768,081.99	40,349,952.76	224,254,779.28	5,550,294,304.18
2. Increase in current period	111,153,335.56	278,877,291.33	41,353,626.09	1,581,881.78	9,740,831.02	442,706,965.78
(1) Acquisition		124,325,170.02	41,146,993.83	1,489,848.06	8,732,046.43	175,694,058.34

(2) Transferred in from construction in progress	105,968,706.98	148,477,278.54	206,632.26			254,652,617.78
(3) Business combination						
(4) Converted difference in Foreign Currency Statements	5,184,628.58	6,074,842.77		92,033.72	1,008,784.59	12,360,289.66
3. Decrease in current period		17,441,634.83	1,347,431.51	2,109,809.33	3,118,668.47	24,017,544.14
(1) Disposal or scrap		17,441,634.83	1,347,431.51	2,109,809.33	3,118,668.47	24,017,544.14
4. Closing balance	2,268,511,694.12	3,311,998,788.09	117,774,276.57	39,822,025.21	230,876,941.83	5,968,983,725.82
II. Accumulated depreciation						
1. Opening balance	509,863,544.24	1,443,454,422.50	32,773,108.28	30,515,107.61	150,112,811.87	2,166,718,994.50
2. Increase in current period	45,052,679.92	131,765,110.76	2,746,767.73	2,108,258.55	10,233,255.85	191,906,072.81
(1) Accrual	44,186,222.63	128,551,265.70	2,746,767.73	2,065,618.96	9,806,448.80	187,356,323.82
(2) Converted difference in Foreign Currency Statements	866,457.29	3,213,845.06		42,639.59	426,807.05	4,549,748.99
3. Decrease in current period		13,440,835.83	1,209,644.23	2,026,811.77	2,898,818.17	19,576,110.00
(1) Disposal or scrap		13,440,835.83	1,209,644.23	2,026,811.77	2,898,818.17	19,576,110.00
4. Closing balance	554,916,224.16	1,561,778,697.43	34,310,231.78	30,596,554.39	157,447,249.55	2,339,048,957.31
III. Provision for impairment						
1. Opening balance		3,967,110.42				3,967,110.42
2. Increase in current period						

(1) Accrual						
3. Decrease in current period						
(1) Disposal or scrap						
4. Closing balance		3,967,110.42				3,967,110.42
IV. Carrying amount						
1. Closing balance	1,713,595,469.96	1,746,252,980.24	83,464,044.79	9,225,470.82	73,429,692.28	3,625,967,658.09
2. Opening balance	1,647,494,814.32	1,603,141,598.67	44,994,973.71	9,834,845.15	74,141,967.41	3,379,608,199.26

(2) Fixed assets leased through financial leasing

Unit: RMB

Items	Original book value	Accumulated depreciation	Provision for impairment	Carrying amount
Buildings and structures	154,848,669.67	23,947,897.44		130,900,772.23

(3) Fixed assets with certificate of titles being unsettled

Unit: RMB

Items	Carrying amount	Reasons for unsettlement
13# factory in Meizhu North district	85,729,372.11	New assets, the certificate of title to be processed uniformly after the overall completion
Finished goods warehouse in Meizhu North district	23,998,659.71	New assets, the certificate of title to be processed uniformly after the overall completion
14# factory in Meizhu North district	26,710,037.05	New assets, the certificate of title to be processed uniformly after the overall completion
Staff dormitory in Meizhu (Phase II)	25,416,491.44	New assets, the certificate of title to be processed uniformly after the overall completion
15# factory in Meizhu North district	53,734,878.02	New assets, the certificate of title to be processed uniformly after the overall completion
Class A warehouse	1,968,323.02	New assets, the certificate of title to be processed uniformly after the overall completion
Auxiliary room	1,629,791.85	New assets, the certificate of title to be processed uniformly after the overall completion

Subtotal	219,187,553.20
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Other remarks

14. Construction in progress

Unit: RMB

Items	Closing balance	Opening balance
Construction in progress	492,864,704.94	480,959,262.46
Total	492,864,704.94	480,959,262.46

(1) Details of construction in progress

Unit: RMB

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Annual production of 7.3 million sets of new energy vehicle thermal management system components project	121,470,097.80		121,470,097.80	78,050,708.13		78,050,708.13
Annual production of 12.7 million sets of automotive air conditioning control components project	1,251,699.09		1,251,699.09	50,740,941.36		50,740,941.36
Annual production of 11.5 million sets of new energy auto parts project	126,534,443.53		126,534,443.53	100,809,231.62		100,809,231.62
Construction of a micro-channel heat exchanger production line project in Mexico	92,307.69		92,307.69	92,307.69		92,307.69
Newly added an annual production of 800,000 heat exchanger technology transformation projects	1,014,928.03		1,014,928.03	160,228.03		160,228.03
Infrastructure project of Meizhu North district	12,071,299.73		12,071,299.73	5,043,312.03		5,043,312.03
Annual production of 65 million sets of commercial refrigeration and air	20,370,108.79		20,370,108.79	13,815,107.62		13,815,107.62

conditioning intelligent control components construction project						
Annual production of 103 million residential air-conditioning control components project	33,214,448.15		33,214,448.15	19,942,496.28		19,942,496.28
Annual production of 1 million sets of new energy vehicle air-conditioning thermal sensors project	2,957,132.27		2,957,132.27	2,877,561.33		2,877,561.33
Annual production of 2 million sets of automotive air-conditioning parts project	504,871.82		504,871.82	2,088,782.95		2,088,782.95
Vietnam industrial plant project	51,029,148.57		51,029,148.57	32,155,560.02		32,155,560.02
Others	122,354,219.47		122,354,219.47	175,183,025.40		175,183,025.40
Total	492,864,704.94		492,864,704.94	480,959,262.46		480,959,262.46

(2) Changes of significant construction in progress in current period

Unit: RMB

Items	Budget	Opening balance	Increase d in current period	Transferr ed to fixed assets in the current period	Other amounts decrease d in current period	Closing balance	Accumul ated investme nt to budget (%)	Completi on percenta ge (%)	Accumul ated amount of capitaliz ed interest	Includin g: capitaliz ed interest in current period	Capitaliz ation rate for interest in current period	Fund source
Annual producti on of 7.3 million sets of new energy vehicle thermal manage ment system	468,600,000.00	78,050,708.13	82,385,160.56	38,965,770.89		121,470,097.80	49.03%					Raised funds

components project											
Annual production of 12.7 million sets of automotive air conditioning control components project	215,000,000.00	50,740,941.36	31,270,297.35	80,759,539.62		1,251,699.09	80.39%				Raised funds
Annual production of 11.5 million sets of new energy auto parts project	528,800,000.00	100,809,231.62	134,131,873.58	108,406,661.67		126,534,443.53	64.37%				Raised funds
Construction of a micro-channel heat exchanger production line project in Mexico	96,075,000.00	92,307.69				92,307.69	94.20%				Other
Newly added an annual	73,560,000.00	160,228.03	854,700.00			1,014,928.03	98.10%				Other

production of 800,000 heat exchanger technology transformation projects												
Infrastructure project of Meizhu North district	482,340,000.00	5,043,312.03	9,118,895.95	2,090,908.25		12,071,299.73	57.63%					Other
Annual production of 65 million sets of commercial refrigeration and air conditioning intelligent control components construction project	1,526,302,000.00	13,815,107.62	6,555,001.17			20,370,108.79	1.33%					Other
Annual production of 103 million	1,104,050,000.00	19,942,496.28	22,702,638.70	9,430,686.83		33,214,448.15	45.72%					Other

residential air-conditioning control components project												
Annual production of 1 million sets of new energy vehicle air-conditioning thermal sensors project	44,786,000.00	2,877,561.33	179,400.00	99,829.06		2,957,132.27	39.21%					Other
Annual production of 2 million sets of automotive air-conditioning parts project	42,830,000.00	2,088,782.95		1,583,911.13		504,871.82	119.98%					Other
Vietnam industrial plant project	USD18,640,000.00	32,155,560.02	21,157,802.84	2,284,214.29		51,029,148.57	40.40%					Other
Total		305,776,237.06	308,355,770.15	243,621,521.74		370,510,485.47	--	--				--

15. Intangible Assets

(1) Details of intangible assets

Unit: RMB

Items	Land use right	Patent right	Non-patent technology	Overseas land ownership	AWECO intellectual property and business resources	RANCO intellectual property and business resources	Intellectual property right of air conditioner controller	Patented technology of electronic expansion valve controller of Dotech	Software	Total
I. Original Carrying amount										
1. Opening balance	553,075,849.31			29,413,801.81	103,486,789.02	1,758,479.45	42,150,175.56	6,634,364.80	27,892,661.59	764,412,121.54
2. Increased in current period	376,887.43			475,709.06	1,784,737.64	30,420.30		3,876,142.70		6,543,897.13
(1) Acquisition								3,635,042.77		3,635,042.77
(2) Internal research and development										
(3) Business combination										
(4) Converted difference in Foreign	376,887.43			475,709.06	1,784,737.64	30,420.30		241,099.93		2,908,854.36

Currency Statements											
3. Decreased in current period										341,251.27	341,251.27
(1) Disposal										341,251.27	341,251.27
4. Closing balance	553,452,736.74			29,889,510.87	105,271,526.66	1,788,899.75	42,150,175.56	6,634,364.80	31,427,553.02	770,614,767.40	
II. Accumulated amortization											
1. Opening balance	86,030,559.93			205,745.37	103,485,854.20	363,239.45	21,257,295.24	552,863.70	22,519,438.24	234,414,996.13	
2. Increased in current period	5,528,131.27			69,310.41	1,785,672.46	9,760.30	1,947,508.80	331,718.22	1,664,441.95	11,336,543.41	
(1) Accrual	5,528,131.27			66,263.84			1,947,508.80	331,718.22	1,456,578.82	9,330,200.95	
(2) Converted difference in Foreign Currency Statements				3,046.57	1,785,672.46	9,760.30			207,863.13	2,006,342.46	
3. Decreased in current period										341,251.27	341,251.27
(1) Disposal										341,251.27	341,251.27

4.Closing balance	91,558,691.20			275,055.78	105,271,526.66	372,999.75	23,204,804.04	884,581.92	23,842,628.92	245,410,288.27
III. Provision for impairment										
1. Opening balance				4,129,606.66						4,129,606.66
2. Increased in current period				61,149.10						61,149.10
(1) Accrual										
(2) Converted difference in Foreign Currency Statements				61,149.10						61,149.10
3. Decreased in current period										
(1) Disposal										
4. Closing balance				4,190,755.76						4,190,755.76
IV. Carrying amount										
1. Closing balance	461,894,045.54			25,423,699.33		1,415,900.00	18,945,371.52	5,749,782.88	7,584,924.10	521,013,723.37

2. Opening balance	467,045,289.38			25,078,449.78	934.82	1,395,240.00	20,892,880.32	6,081,501.10	5,373,223.35	525,867,518.75
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At the balance sheet date, intangible assets formed from internal R&D account for 0.00% of total closing balance of intangible assets.

16. Goodwill

(1) Original Carrying amount of goodwill

Unit: RMB

Investee or events resulting in goodwill	Opening balance	Increased in current period		Decreased in current period		Closing balance
		Due to business combination		Disposal		
R-Squared Puckett Inc.	31,959,091.60					31,959,091.60
Total	31,959,091.60					31,959,091.60

17. Long-term prepayments

Unit: RMB

Items	Opening balance	Increased in current period	Amortization	Other decreases	Closing balance
Plant renovation expenditure	7,223,760.94	111,964.96	3,423,783.44		3,911,942.46
Compensated use fee for emission rights	968,938.03		484,468.98		484,469.05
Tools	527,421.67		105,484.32		421,937.35
Total	8,720,120.64	111,964.96	4,013,736.74		4,818,348.86

Other remarks

18. Deferred tax assets / deferred tax liabilities

(1) Deferred tax assets before offset

Unit: RMB

Items	Closing balance		Opening balance	
	Deductible temporary difference	Deferred tax assets	Deductible temporary difference	Deferred tax assets
Provision for bad debt	69,545,031.10	14,408,313.03	71,519,997.24	14,114,166.19

Provision for inventory write-down	68,581,055.63	11,089,479.84	69,518,382.06	11,230,078.81
Unrealized profit from internal transactions	163,448,516.71	18,214,164.00	223,604,977.62	25,040,965.45
Deductible losses	44,805,724.24	9,694,985.94	72,228,904.20	13,514,908.45
Deferred income: government grants	79,093,357.32	12,664,031.04	82,537,550.43	12,800,632.56
Provision for fixed assets impairments	3,898,415.90	584,762.40	3,898,415.90	584,762.39
Floating loss on derivatives	382,124.00	62,148.60	126,364.40	18,954.66
Share-based payment	67,151,015.24	10,432,601.50	47,235,572.03	7,487,443.77
Provisional cost estimate	47,564,143.70	7,134,621.56	27,740,129.55	4,161,019.41
Total	544,469,383.84	84,285,107.91	598,410,293.43	88,952,931.69

(2) Deferred tax liabilities before offset

Unit: RMB

Items	Closing balance		Opening balance	
	Taxable temporary difference	Deferred tax liabilities	Taxable temporary difference	Deferred tax liabilities
Depreciation and amortization expense	408,599,505.53	64,804,531.68	396,585,435.74	62,347,023.15
Floating gain on derivatives	15,889,565.30	2,383,434.80	2,906,246.02	435,936.90
Floating gain on financial products	12,226,291.01	2,131,283.02	12,526,390.31	2,266,401.66
Total	436,715,361.84	69,319,249.50	412,018,072.07	65,049,361.71

(3) Details of unrecognized deferred tax assets

Unit: RMB

Items	Closing balance	Opening balance
Provision for bad debt	51,629,791.56	36,799,162.90
Provision for inventory write-down	22,286,505.07	22,913,416.12
Deductible losses of subsidiaries	27,578,280.52	97,583,268.62
Provision for fixed assets impairments	68,694.52	68,694.52
Provision for intangible	4,190,755.76	4,129,606.66

assets impairment		
Floating loss on derivatives	8,067,489.09	
Share-based payment	1,606,100.11	1,840,976.14
Total	115,427,616.63	163,335,124.96

(4) Maturity years of deductible losses of unrecognized deferred tax assets

Unit: RMB

Maturity years	Closing balance	Opening balance	Remarks
Year 2020	129,751.40	770,856.07	
Year 2021	1,257,463.18	14,131,496.37	
Year 2022		23,008,626.48	
Year 2023	15,620,641.85	24,053,673.84	
Year 2024	9,171,321.25	17,510,655.24	
Year 2025	614,389.17		
Year 2028		10,478,078.42	
Year 2029		7,629,882.20	
Year 2030	784,713.67		
Total	27,578,280.52	97,583,268.62	--

Other remarks:

19. Other non-current assets

Unit: RMB

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Advanced payment for assets purchasing	154,342,209.19		154,342,209.19	179,238,257.09		179,238,257.09
Total	154,342,209.19		154,342,209.19	179,238,257.09		179,238,257.09

Other remarks:

20. Short-term borrowings

(1) Categories of short-term borrowings

Unit: RMB

Items	Closing balance	Opening balance
Secured borrowings	770,795,000.00	730,000,000.00
Overseas loan under domestic guarantee	495,427,500.00	562,083,652.90
Accrued interest	1,155,741.24	3,526,919.17
Total	1,267,378,241.24	1,295,610,572.07

21. Derivative financial liabilities

Unit: RMB

Items	Closing balance	Opening balance
Foreign exchange forward contract	8,401,313.09	126,364.40
Futures contract	48,300.00	
Total	8,449,613.09	126,364.40

Other remarks:

22. Notes payable

Unit: RMB

Categories	Closing balance	Opening balance
Bank acceptance bill	973,763,888.02	1,130,668,415.32
Total	973,763,888.02	1,130,668,415.32

At the balance sheet date, balances due but unpaid totaled RMB 0.

23. Accounts payable

(1) Details of accounts payable

Unit: RMB

Items	Closing balance	Opening balance
Within 1 year(including 1 year)	1,533,770,039.02	1,538,694,359.81
1 to 2 years	21,896,931.86	36,247,361.15
2 to 3 years	4,847,681.00	7,254,952.39
Over 3 years	4,572,125.54	5,567,079.27
Total	1,565,086,777.42	1,587,763,752.62

24. Advances received**(1) Details of advances received**

Unit: RMB

Items	Closing balance	Opening balance
Advances received from sales of goods	31,296,264.17	23,453,218.32
Total	31,296,264.17	23,453,218.32

25. Employee benefits payable**(1) Details of employee benefits payable**

Unit: RMB

Items	Opening balance	Increased in current period	Decreased in current period	Closing balance
I. Short-term employee benefits	221,838,334.79	700,236,484.92	763,597,486.94	158,477,332.77
II. Post-employment benefits - defined contribution plan	3,701,568.23	14,445,109.26	16,128,693.35	2,017,984.14
III. Termination benefits	3,457,580.80		1,592,729.13	1,864,851.67
Total	228,997,483.82	714,681,594.18	781,318,909.42	162,360,168.58

(2) Details of Short-term employee benefits

Unit: RMB

Items	Opening balance	Increased in current period	Decreased in current period	Closing balance
1. Wage, bonus, allowances and subsidy	203,198,192.24	585,062,334.41	656,434,798.79	131,825,727.86
2. Employee welfare fund	2,134,102.51	25,652,596.89	27,008,804.02	777,895.38
3. Social insurance premium	11,162,051.71	49,376,025.31	40,948,536.92	19,589,540.10
Including: Medicare premium	2,023,459.75	10,098,636.99	10,751,102.22	1,370,994.52
Occupational injuries premium	211,099.28	616,425.35	671,139.76	156,384.87
Maternity premium	233,674.66	300,264.44	412,512.75	121,426.35
Overseas social security contributions	8,693,818.02	38,360,698.53	29,113,782.19	17,940,734.36
4. Housing provident fund	265,855.34	11,935,507.71	11,871,329.34	330,033.71
5. Trade union fund and employee	104,574.42	2,327,899.34	2,301,195.18	131,278.58

education fund				
Salaries of subcontractor	3,511,341.29	24,981,456.04	25,032,822.69	3,459,974.64
Share-based payment	1,462,217.28	900,665.22		2,362,882.50
Total	221,838,334.79	700,236,484.92	763,597,486.94	158,477,332.77

(3) Details of defined contribution plan

Unit: RMB

Items	Opening balance	Increased in current period	Decreased in current period	Closing balance
1. Basic endowment insurance premium	3,584,148.09	13,982,466.15	15,605,518.18	1,961,096.06
2. Unemployment insurance premium	117,420.14	462,643.11	523,175.17	56,888.08
Total	3,701,568.23	14,445,109.26	16,128,693.35	2,017,984.14

Other remarks:

26. Taxes and rates payable

Unit: RMB

Items	Closing balance	Opening balance
Enterprise income tax	22,518,002.09	27,169,457.87
VAT	14,994,809.42	12,303,529.64
Individual income tax	4,004,798.97	6,570,153.06
Urban maintenance and construction tax	2,171,687.86	2,004,384.14
Education surcharge	1,136,266.20	1,098,720.52
Local education surcharge	757,510.79	623,676.41
Housing property tax	6,904,279.76	5,263,984.54
Land use tax	3,319,306.44	2,277,425.60
Local foundation for water works	52,046.35	6,051.60
Others	1,103,077.56	875,224.37
Total	56,961,785.44	58,192,607.75

Other remarks:

27. Other payables

Unit: RMB

Item	Closing balance	Opening balance
Dividend payable	1,310,000.00	1,772,750.00

Other payables	291,575,146.18	159,464,464.88
Total	292,885,146.18	161,237,214.88

(1) Dividend payable

Unit: RMB

Items	Closing balance	Opening balance
Dividend of restricted shares		1,772,750.00
Dividend payable attributable to non-controlling interest	1,310,000.00	
Total	1,310,000.00	1,772,750.00

Other remarks, including disclosure of reason for unpaid dividend payable with aging over 1 year

(2) Other payables**1) Other payables listed by nature**

Unit: RMB

Items	Closing balance	Opening balance
Restricted shares repo obligations	173,032,675.00	57,578,920.00
Freight and miscellaneous charges	34,794,242.70	39,930,705.16
Product warranty fee	3,023,787.70	3,114,096.06
Guarantee deposit	19,318,281.20	18,044,694.61
Rent and property fee	4,621,092.70	2,609,059.40
Compensation for product quality loss	20,502,176.15	1,125,611.68
Collection and payment for talent incentive	2,000,000.00	1,969,150.29
Others	34,282,890.73	35,092,227.68
Total	291,575,146.18	159,464,464.88

28. Non-current liabilities due within one year

Unit: RMB

Items	Closing balance	Opening balance
Guaranteed loans		222,000,000.00
Accrued interest		228,097.22
Total		222,228,097.22

Other remarks:

29. Long-term borrowings**(1) Categories of long-term borrowings**

Unit: RMB

Items	Closing balance	Opening balance
Secured borrowings	790,582,938.30	
Overseas loan under domestic guarantee	467,285,650.00	392,371,834.47
Accrued interest	1,245,176.84	510,445.62
Total	1,259,113,765.14	392,882,280.09

30. Long-term payables

Unit: RMB

Items	Closing balance	Opening balance
Long-term payables	92,435,999.26	94,235,857.77
Total	92,435,999.26	94,235,857.77

(1) Long-term payables listed by nature

Unit: RMB

Items	Closing balance	Opening balance
Payables for financial leasing	90,811,210.12	92,607,634.64
Stock appreciation rights deposit	1,624,789.14	1,628,223.13

Other remarks:

Payables for financial leasing

Remaining lease term	Amount
Within 1 year(including 1 year)	7,623,284.47
1 to 2 years	7,078,477.83
2 to 3 years	10,192,259.83
Over 3 years	74,697,343.36
Subtotal	99,591,365.49
Less: Unrecognized financing charges	8,780,155.37
Subtotal	90,811,210.12

31. Deferred income

Unit: RMB

Items	Opening balance	Increased in current period	Decreased in current period	Closing balance	Reason
Government grants	82,537,550.43	5,184,500.00	8,628,693.11	79,093,357.32	
Total	82,537,550.43	5,184,500.00	8,628,693.11	79,093,357.32	--

Projects related to government grants:

Unit: RMB

Items	Opening balance	Increased in current period	Grants included into Non-operating revenue in current period	The amount recorded as other income in current period	offsetting cost and expenses in current period	Other changes	Closing balance	Related to assets/related to income
Comprehensive investment award for technological transformation of industrial enterprises in Wuhu City	3,343,136.00			178,944.00			3,164,192.00	Related to assets
Policy grant for Wuhu City's strong industrial base and manufacturing strong province	795,000.00			45,000.00			750,000.00	Related to assets
Grant for an annual output of 2 million sets of high-efficiency energy-saving inverter controllers	2,295,417.72			257,973.82			2,037,443.90	Related to assets
Special fund grant for multistory factory buildings of small and medium-sized enterprises	5,215,120.26			110,959.98			5,104,160.28	Related to assets
Four-way reversing valve optimization project	733,333.40			79,999.98			653,333.42	Related to assets
Technical transformation project for the production line of energy-saving residential air-conditioning control components with an annual output of 50 million sets	624,038.60			63,461.52			560,577.08	Related to assets
Industrial transfer projects and single equipment investment grant	450,690.70						450,690.70	Related to assets
Comprehensive award and compensation for investment in technological transformation of industrial enterprises	2,218,666.33			209,178.54			2,009,487.79	Related to assets
Industrial transformation and upgrading, technological transformation and industrial	1,615,259.34			101,212.50			1,514,046.84	Related to assets

investment								
Grant for research and development project of ultrasonic argon protected welding self-fusion connection technology for liquid storage tank		1,000,000.00		49,999.98			950,000.02	Related to assets
Grant for technical transformation project of newly increased 800000 sets of heat exchanger per year	3,032,000.00			379,000.00			2,653,000.00	Related to assets
Technical transformation project of annual output of 100000 large heat exchangers	5,008,290.00			357,735.00			4,650,555.00	Related to assets
Grant for commercial machine micro-channel heat exchanger technical transformation project	2,030,050.00			369,100.00			1,660,950.00	Related to assets
Grant for air-conditioning component micro-channel heat exchanger project	1,000,000.00			500,000.00			500,000.00	Related to assets
Grant for project of an annual output of 15 million commercial refrigeration and air-conditioning automatic control components	4,898,000.16			1,224,499.98			3,673,500.18	Related to assets
Intelligent factory technological transformation project based on The Internet of Things technology	4,124,999.93			250,000.02			3,874,999.91	Related to assets
Grant for innovation ability construction project of National Enterprise Technology Center	3,750,000.12			312,499.98			3,437,500.14	Related to assets
Grant for construction project of public test and detection service platform for refrigeration components	1,399,999.72			350,000.04			1,049,999.68	Related to assets
Grant for the construction project of automatic control components for residential air conditioners with an annual output of 10 million	960,000.00			240,000.00			720,000.00	Related to assets
Grant for construction project of public inspection and testing service platform for automobile air conditioning parts	641,666.83			192,499.98			449,166.85	Related to assets
Annual production of 3 million self-circulating superconducting	816,750.00			49,500.00			767,250.00	Related to assets

plates technology project								
Grant for construction project of 25 million sets of new energy-saving and environmental protection variable frequency air conditioning expansion valve	476,000.24			67,999.98			408,000.26	Related to assets
Grant for pollution source treatment project	1,347,391.67			89,450.00			1,257,941.67	Related to assets
Grant for the annual production of 11.5 million sets of new energy auto parts project	5,280,000.00	4,184,500.00		384,224.96			9,080,275.04	Related to assets
Grant for the technical transformation project with an annual output of 2 million sets of air-conditioning parts	2,760,000.08			276,000.00			2,484,000.08	Related to assets
Grant for 1 million sets of air-conditioning thermal sensor technology transformation of new energy vehicle	6,407,450.08			457,674.98			5,949,775.10	Related to assets
Grant for the industrialization project of 20 million refrigeration and air conditioning automatic control components	1,443,272.70			582,217.50			861,055.20	Related to assets
Grant for intelligent manufacturing technology transformation project of 6 million sets of commercial refrigeration components per year	2,991,220.00			180,000.00			2,811,220.00	Related to assets
Grant for technical transformation project of intelligent manufacturing of refrigeration components	6,628,400.00			414,274.99			6,214,125.01	Related to assets
Grant for technical transformation project of 30 million sets of high efficiency energy saving refrigeration and air conditioning control components	7,200,000.00			400,000.01			6,799,999.99	Related to assets
Grant for energy-saving project with an annual output of 35 million sets of L-type four-way reversing valve for air conditioners	3,051,396.55			455,285.37			2,596,111.18	Related to assets
Subtotal	82,537,550.4	5,184,500.00		8,628,693.11			79,093,357.32	

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Other remarks:

32. Other non-current liabilities

Unit: RMB

Items	Closing balance	Opening balance
Engineering agent construction fund	32,512,629.00	32,512,629.00
Long-term employee rights protection payment	49,923,317.79	49,276,299.52
Total	82,435,946.79	81,788,928.52

Other remarks:

According to local investment promotion policies, the "seven connections and one leveling" project of the construction land of the Wuhu city is completed by Wuhu high-tech Industrial Development Zone Administration Committee. As the state-owned assets management unit of Wuhu high-tech Industrial Development Zone, Wuhu Xinma Investment Co., Ltd. and Wuhu High-tech Construction Development Co., Ltd. entrusted Wuhu Sanhua Auto-control Components Co., Ltd and Wuhu Sanhua Technology Co., Ltd. to build the "seven connections and one leveling" project, and allocated RMB 72.03 million as engineering fund. As of June 30, 2020, the accumulated amount of hedging and written-off of engineering agent construction fund and project expense was RMB 39.5174 million, and the amount to be written-off at the end of the period was RMB 32.5126 million.

Long-term employee rights protection payment: retirement pensions of Mr. Harald Schrott who is the former actual controller of the Germany Aweco residential appliances business, and his father Hugo Schrott. Based on Austrian labor law, one-time welfare compensation for termination of labor contract and one-time welfare compensation for retirement, disability and death. The amount of such liabilities is estimated and determined by an independent actuary.

33. Share capital

Unit: RMB

	Opening balance	Changed amount of current period (+/-)					Closing balance
		Issue of new shares	Bonus shares	Reserve transferred to shares	Others	Subtotal	
Total shares	2,765,657,898.00			826,675,080.00	-291,200.00	826,383,880.00	3,592,041,778.00

Other remarks:

- ① Approved by the Company's shareholders meeting, the Company transferred 826,675,080 shares to all shareholders (excluding repo shareholders) with capital reserve at the ratio of increasing 3 shares for every 10 shares.
- ② Repo and write-down of 291,200 shares of equity incentive restricted shares that have not met unlock condition.

34. Capital reserve

Unit: RMB

Items	Opening balance	Increased in current period	Decreased in current period	Closing balance
Capital premium (Share premium)	970,924,083.94		877,522,810.00	93,401,273.94
Other capital reserve	119,875,938.12	30,463,131.96		150,339,070.08
Total	1,090,800,022.06	30,463,131.96	877,522,810.00	243,740,344.02

Other remarks, including changes in the current period:

①In current period, the Company granted 12.045 million restricted shares to incentive objects with the repo shares in the previous period, the grant price was RMB 9.85 per share, and a total of RMB 118,643,250.00 was raised. Treasury shares decreased RMB 167,907,300.00, and share premium decreased RMB 49,264,050.00. The restricted shares have not met the unlock condition, the Company accounted them as treasury shares, and recognized related liabilities for repo obligation.

②Repo and cancellation of equity incentive restricted shares that have not met the unlock condition, share capital decreased RMB 291,200.00, treasury shares decreased RMB 1,874,880.00, Share premium decreased RMB 1,583,680.00.

③Due to transfer capital reserve to share capital, Share premium decreased RMB 826,675,080.00 .

④Other capital reserve increased RMB 30,463,131.96 due to the confirmation of share-based payment remuneration.

35. Treasury shares

Unit: RMB

Items	Opening balance	Increased in current period	Decreased in current period	Closing balance
Restricted shares	59,453,800.00	118,643,250.00	5,064,375.00	173,032,675.00
Repo shares	304,327,351.34		167,907,300.00	136,420,051.34
Total	363,781,151.34	118,643,250.00	172,971,675.00	309,452,726.34

Other remarks, including changed amount of the current period and movement reason:

①In current period, the Company granted 12.045 million restricted shares to incentive objects with the repo shares in the previous period, the grant price was RMB 9.85 per share, and a total of RMB 118,643,250.00 was raised. Treasury shares decreased RMB 167,907,300.00, and share premium decreased RMB 49,264,050.00. The restricted shares have not met the unlock condition, the Company accounted them as treasury shares, and recognized related liabilities for repo obligation.

②Repo and cancellation of equity incentive restricted shares that have not met the unlock condition, share capital decreased RMB 291,200.00, treasury shares decreased RMB 1,874,880.00, Share premium decreased RMB 1,583,680.00.

③In May 2020, the Company implemented the 2019 equity distribution with a dividend of RMB 3,189,495.00 for equity incentive restricted shares, and the treasury shares and repo obligations payable were reduced by the same amount.

36. Other comprehensive income (OCI)

Unit: RMB

Items	Opening balance	Changed amount of the current period						Closing balance
		Current period cumulative before income tax	Less: OCI carried forward transferred to profit or loss	Less: OCI carried forward transferred to undistributed profit	Less: income tax expense	Attributable to the parent Company after tax	Attributable to Non-controlling interest after tax	
Items to be reclassified subsequently to profit or loss	-39,332,748.50	-26,456,121.98				-26,456,121.98		-65,788,870.48
Translation reserves	-39,332,748.50	-26,456,121.98				-26,456,121.98		-65,788,870.48
Other comprehensive income in total	-39,332,748.50	-26,456,121.98				-26,456,121.98		-65,788,870.48

Other remarks, including the effective part of the cash flow hedge profit and losses converted into the initial recognized amount adjustment of the hedged item

37. Surplus reserve

Unit: RMB

Items	Opening balance	Increased in current period	Decreased in current period	Closing balance
Statutory surplus reserve	533,401,562.81			533,401,562.81
Discretionary surplus reserve	8,681,137.20			8,681,137.20
Reserve fund	17,813,919.38			17,813,919.38
Total	559,896,619.39			559,896,619.39

Remarks on surplus reserve, including movement in current period and the reason for changes:

38. Undistributed profit

Unit: RMB

Items	Current period	Previous period
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Balance before adjustment at the end of the previous period	5,278,392,288.84	4,488,881,759.86
Add: Increase due to adjustment (or less: decrease)		8,359,634.19
Opening balance after adjustment	5,278,392,288.84	4,497,241,394.05
Add: Net profit attributable to shareholders of the parent Company for current year	643,481,717.35	692,968,498.78
Payable dividends on ordinary shares	413,337,540.30	529,175,886.50
Closing balance	5,508,536,465.89	4,661,034,006.33

39. Operating revenue and Operating cost

Unit: RMB

Items	Current period cumulative		Preceding period comparative	
	Revenue	Cost	Revenue	Cost
Main operations	5,154,036,483.16	3,687,894,611.98	5,657,122,904.62	4,013,821,685.14
Other operations	164,142,143.61	151,731,392.72	173,984,123.46	166,094,028.84
Total	5,318,178,626.77	3,839,626,004.70	5,831,107,028.08	4,179,915,713.98

Other remarks

40. Taxes and surcharges

Unit: RMB

Items	Current period cumulative	Preceding period comparative
Urban maintenance and construction tax	11,285,362.07	14,559,842.14
Education surcharge	5,862,443.58	7,549,103.76
Housing property tax	7,739,313.64	8,186,257.92
Land use tax	3,936,973.44	3,028,888.30
Stamp duty	1,718,299.51	1,675,871.24
Local education surcharge	3,917,789.39	5,008,401.78
Local foundation for water works	317,066.13	414,168.96
Others	1,532,392.64	1,436,057.10
Total	36,309,640.40	41,858,591.20

Other remarks:

41. Selling expenses

Unit: RMB

Items	Current period cumulative	Preceding period comparative
Labor cost	89,959,268.53	79,600,268.77
Warehousing, freight and miscellaneous charges	107,209,661.24	107,031,581.41
Entertainment expense	11,184,991.26	16,553,036.80
Travel expense	7,216,150.87	13,477,802.75
Market maintenance fee	21,127,233.51	21,270,851.67
Advertising expense	3,565,221.92	3,956,700.74
Others	17,179,973.21	21,840,634.79
Total	257,442,500.54	263,730,876.93

Other remarks:

42. Administrative expenses

Unit: RMB

Items	Current period cumulative	Preceding period comparative
Labor cost	180,394,958.75	174,052,375.18
Share-based payment remuneration	31,363,797.18	9,774,107.10
Office expense	37,525,515.30	33,355,750.99
Entertainment expense	4,931,757.55	6,478,275.37
Depreciation and amortization expense	33,079,843.36	33,472,260.81
Intermediary service fee	15,638,721.85	19,300,454.09
Vehicle expense	3,554,310.73	4,306,818.34
Others	8,861,840.43	23,554,692.08
Total	315,350,745.15	304,294,733.96

Other remarks:

43. R&D expenses

Unit: RMB

Items	Current period cumulative	Preceding period comparative
Labor cost	133,441,569.36	127,060,317.33
Material and power expense	70,421,777.52	85,322,408.05
Depreciation and amortization expense	16,095,750.47	13,213,234.08
Mold manufacturing fee	9,274,489.97	11,183,661.11
Travel expense	1,444,769.03	3,375,949.73

Royalties	1,278,190.44	1,240,756.22
Outsourcing R&D expense	734,967.97	772,130.15
Others	7,321,413.62	6,337,949.26
Total	240,012,928.38	248,506,405.93

Other remarks:

44. Financial expenses

Unit: RMB

Items	Current period cumulative	Preceding period comparative
Interest expense	32,558,310.10	26,919,773.79
Interest income	-19,167,271.27	-11,053,538.87
Bank financing fee	1,399,332.23	1,443,399.75
Cash discount	-1,126,936.47	-1,178,667.37
Exchange gains or losses	-45,679,616.29	-5,962,024.68
Others	2,122,784.66	2,195,792.27
Total	-29,893,397.04	12,364,734.89

Other remarks:

45. Other income

Unit: RMB

Source of the other income	Current period cumulative	Preceding period comparative
Government grants	100,414,953.91	52,433,523.85
Including: VAT refund of civil welfare enterprises	5,134,826.02	5,799,299.40
VAT refund on software products in excess of tax burden	1,689,841.68	952,293.40
Other government grants	93,590,286.21	45,681,931.05
Handling fees for withholding individual income tax	1,113,187.32	
Total	101,528,141.23	52,433,523.85

46. Investment income

Unit: RMB

Items	Current period cumulative	Preceding period comparative
Investment income from long-term equity	1,826,673.64	508,944.08

investments under equity method		
Investment income of bank financing products	20,408,132.79	23,795,957.11
Gains and losses on settlement of futures contracts	-17,407,734.45	-1,037,334.40
Gains and losses on settlement of foreign exchange contract	-12,822,186.77	7,090,688.55
Bill discount interest	-114,807.17	
Total	-8,109,921.96	30,358,255.34

Other remarks:

47. Gains or losses on changes in fair value

Unit: RMB

Items	Current period cumulative	Preceding period comparative
Floating income of bank financing products	-300,099.30	
Floating income of futures contracts	18,412,630.80	493,499.16
Floating income of foreign exchange contract	-11,592,485.54	7,942,917.80
Total	6,520,045.96	8,436,416.96

Other remarks:

48. Credit impairment loss

Unit: RMB

Items	Current period cumulative	Preceding period comparative
Provision for bad debt	-12,874,290.80	-19,122,897.76
Total	-12,874,290.80	-19,122,897.76

Other remarks:

49. Assets impairment loss

Unit: RMB

Items	Current period cumulative	Preceding period comparative
II. Inventory write-down loss and contract performance cost impairment loss	-6,302,857.17	-22,535,866.59
Total	-6,302,857.17	-22,535,866.59

Other remarks:

50. Gains on asset disposal

Unit: RMB

Items	Current period cumulative	Preceding period comparative
Gains on disposal of fixed assets	-319,355.00	-122,323.66

51. Non-operating revenue

Unit: RMB

Items	Current period cumulative	Preceding period comparative	Amount recorded into the current non-recurring profit and loss
Gains from retirement of fixed assets	26,006.68	6,896.55	26,006.68
Compensation and penalty income	471,406.19	2,125,490.08	471,406.19
Exempted payment	637,810.13	250,063.97	637,810.13
Others	331,761.81	335,333.34	331,761.81
Total	1,466,984.81	2,717,783.94	1,466,984.81

52. Non-operating expenditures

Unit: RMB

Items	Current period cumulative	Preceding period comparative	Amount included in non-recurring profit or loss
Donation expenditures	52,072.82	44,582.08	52,072.82
Losses on retirement of fixed assets	1,109,947.20	1,055,756.60	1,109,947.20
Others	192,059.13	157,478.28	192,059.13
Total	1,354,079.15	1,257,816.96	1,354,079.15

Other remarks:

53. Income tax expenses**(1) Income tax expenses**

Unit: RMB

Items	Current period cumulative	Preceding period comparative
Current period income tax expenses	90,079,636.80	146,707,979.68

Deferred income tax expenses	8,937,711.57	-3,826,432.80
Total	99,017,348.37	142,881,546.88

(2) Reconciliation of accounting profit to income tax expenses

Unit: RMB

Items	Current period cumulative
Profit before tax	739,884,872.56
Income tax expense based on statutory/applicable tax rate	115,033,160.69
Effect of prior income tax reconciliation	-7,748,107.85
Effect of deductible temporary differences or deductible losses not recognized	571,518.93
Adjustment of permanent differences	-8,839,223.40
Income tax expenses	99,017,348.37

Other remarks

54. Other comprehensive income

Please refer to the notes of balance sheet items and other comprehensive income for details.

55. Notes to items of the consolidated cash flow statement

Note: Based on the individual financial statements, bank finance products, restricted funds, collections and payments are all listed in terms of net changes.

(1) Other cash receipts related to operating activities

Unit: RMB

Items	Current period cumulative	Preceding period comparative
Government grants	88,442,413.04	37,681,612.93
Net change in restricted funds		22,717,257.39
Interest income	19,167,271.27	10,600,273.83
Rental income	5,168,725.74	5,610,795.32
Guarantee deposit, etc.	26,203,437.00	44,574,691.16
Total	138,981,847.05	121,184,630.63

The remarks of other cash receipts related to operating activities:

(2) Other cash payments related to operating activities

Unit: RMB

Items	Current period cumulative	Preceding period comparative
Net change in restricted funds	56,390,427.84	494,179.42
Guarantee deposit	901,638.78	6,110,490.15
Expense payments for the period	315,998,963.23	356,964,742.86
Total	373,291,029.85	363,569,412.43

The remarks of other cash payments related to operating activities:

(3) Other cash receipts related to investing activities

Unit: RMB

Items	Current period cumulative	Preceding period comparative
Redemption of bank financing products	276,799,043.00	615,000,000.00
Net change in restricted funds	850,000.00	891,000.00
Deposit of land transfer		5,000,000.00
Call loans interest		23,127.51
Total	277,649,043.00	620,914,127.51

The remarks of other cash receipts related to investing activities:

(4) Other cash payments related to investing activities

Unit: RMB

Items	Current period cumulative	Preceding period comparative
Payments for purchasing bank financing products	505,000,000.00	13,000,000.00
Net change in restricted funds	8,965,073.04	12,864,757.37
Loss on foreign exchange contract settlement	12,129,251.67	
Loss on futures contract settlement	14,109,054.76	
Call loans		2,000,000.00
Total	540,203,379.47	27,864,757.37

The remarks of other cash payments related to investing activities:

(5) Other cash receipts related to financing activities

Unit: RMB

Items	Current period cumulative	Preceding period comparative
Net change in restricted funds	26,080,652.17	58,902,676.13
Total	26,080,652.17	58,902,676.13

The remarks of other cash payments related to investing activities:

(6) Other cash payments related to financing activities

Unit: RMB

Items	Current period cumulative	Preceding period comparative
Bank financing fee	1,399,332.23	1,443,399.75
Repayment of finance lease and interest	2,380,973.66	5,346,642.30
Expenses for acquiring non-controlling interest in subsidiaries		9,238,318.85
Repo shares expenses		186,107,164.63
Total	3,780,305.89	202,135,525.53

The remarks of other cash payments related to financing activities:

56. Supplement information to the cash flow statement

(1) Supplement information to the cash flow statement

Unit: RMB

Supplement information	Current period cumulative	Preceding period comparative
1. Reconciliation of net profit to cash flow from operating activities:	--	--
Net profit	640,867,524.19	688,461,499.43
Add: Provision for assets impairment loss	19,177,147.97	41,658,764.35
Depreciation of fixed assets, oil and gas assets, productive biological assets	188,283,241.38	159,606,292.28
Amortization of intangible assets	9,406,201.41	10,687,228.25
Amortization of Long-term prepayments	4,013,736.74	4,552,556.67
Loss on disposal of fixed assets, intangible assets and other long-term assets (Less: gains)	319,355.00	122,323.66
Loss on retirement of fixed assets (Less: gains)	1,083,940.52	1,048,860.05
Losses on changes in fair value (Less: gains)	-6,520,045.96	-8,436,416.96
Financial expenses (Less: gains)	33,957,642.33	26,709,252.54
Investment income (Less: gains)	8,109,921.96	-30,358,255.34

Decrease of deferred tax assets (Less: increase)	4,667,823.78	-6,184,126.60
Increase of deferred tax liabilities (Less: decrease)	4,269,887.79	677,648.21
Decrease in inventories (Less: increase)	271,639,352.73	199,333,205.56
Decrease in operating receivables (Less: increase)	112,901,508.32	-272,007,374.07
Increase of operating payables (Less: decrease)	-218,889,585.92	4,859,823.30
Others	31,363,797.18	9,823,629.60
Net cash flow from operating activities	1,104,651,449.42	830,554,910.93
2. Significant investing and financing activities not related to cash receipts and payments:	--	--
3. Net changes in cash and cash equivalents:	--	--
Closing balance of cash	3,263,679,215.37	1,573,138,270.95
Less: Opening balance of cash	2,553,783,015.01	1,164,542,861.48
Net increase of cash and cash equivalents	709,896,200.36	408,595,409.47

(2) Composition of cash and cash equivalents

Unit: RMB

Items	Closing balance	Opening balance
I . Cash	3,263,679,215.37	2,553,783,015.01
Including: Cash on hand	572,367.71	417,814.58
Cash in bank that can be readily drawn on demand	3,263,106,847.66	2,553,365,200.43
III.Cash and cash equivalents at end of year	3,263,679,215.37	2,553,783,015.01

Other remarks:

57. Assets with restriction on ownership or use rights

Unit: RMB

Items	Carrying amount at the end of the period	Cause of restriction
Cash and Bank Balances	148,361,603.85	Guarantee deposit and deposited

		investment fund
Notes receivable	1,264,550,094.76	Pledge financing
Total	1,412,911,698.61	--

Other remarks:

58. Monetary items in foreign currencies

(1) Monetary items in foreign currencies

Unit: RMB

Items	Closing balance in foreign currencies	Exchange rate	RMB equivalent
Cash and bank balances			
Including: USD	88,601,273.08	7.0795	627,252,712.77
EUR	12,102,158.73	7.9610	96,345,285.65
Other currencies			143,557,821.59
Subtotal			867,155,820.01
Derivative financial assets			
Including: USD	1,096,031.70	7.0795	7,759,356.42
EUR	7,436.83	7.9610	59,204.60
Subtotal			7,818,561.02
Accounts receivable			
Including: USD	129,685,575.47	7.0795	918,109,031.54
EUR	25,679,783.62	7.9610	204,436,757.40
Other currencies			84,787,541.78
Subtotal			1,207,333,330.72
Other receivables			
Including: USD	947,584.77	7.0795	6,708,426.38
EUR	151,029.24	7.9610	1,202,343.78
Other currencies			13,691,631.92
Subtotal			21,602,402.08
Long-term receivable			
Including: EUR	182,999.97	7.9610	1,456,862.76
Subtotal			1,456,862.76
Short-term borrowings			
Including: USD	35,000,000.00	7.0795	247,782,500.00

EUR	45,379,501.79	7.9610	361,266,213.75
Subtotal			609,048,713.75
Derivative financial liabilities			
Including: USD	508,835.62	7.0795	3,602,301.77
Other currencies			4,168,901.99
Subtotal			7,771,203.76
Accounts payable			
Including: USD	8,261,395.33	7.0795	58,486,548.24
EUR	6,168,103.96	7.9610	49,104,275.63
Other currencies			10,883,916.14
Subtotal			118,474,740.01
Other payables			
Including: USD	2,961,019.03	7.0795	20,962,534.22
EUR	1,412,922.11	7.9610	11,248,272.92
Other currencies			9,912,810.69
Subtotal			42,123,617.83
Long-term borrowings			
Including: USD	52,607,400.00	7.0795	372,434,088.30
EUR	14,500,000.00	7.9610	115,434,500.00
Subtotal			487,868,588.30
Long-term payables			
Including: USD	82,565.00	7.0795	584,518.92
EUR	11,521,992.44	7.9610	91,726,581.81
Other currencies			124,898.53
Subtotal			92,435,999.26

Other remarks:

(2) Notes on overseas operating entities, including for the significant overseas operating entities, its main operating locations, reporting currency and the basis for selection should be disclosed, and the reason for changes in reporting currency should also be disclosed.

Applicable Not Applicable

The Company has several overseas subsidiaries, locate in the United States, Europe, Japan, Poland, Mexico and other countries, where US dollars, Japanese yen, Polish zloty, Mexican pesos, etc. are used as the standard reporting currency.

59. Government grants

(1) Details

1) Government grants related to assets

For details, please refer to explanation of deferred income in the notes of the consolidated financial statements.

2) Government grants related to income and used to compensate relevant cost, expenses or losses.

Items	Current period cumulative	Financial Report Items
Award of Meizhu industrial park construction project	41,560,300.00	Other income
Subsidy of COVID-19	10,344,959.70	Other income
Refund of social security expenses	7,403,385.72	Other income
Award of industry support fund	7,104,236.00	Other income
Award of enterprise R&D investment	5,736,773.27	Other income
VAT refund of civil welfare enterprises	5,134,826.02	Other income
Subsidy and award of technological innovation and entrepreneurship	4,115,700.00	Other income
Special funds for foreign trade and economic development	2,381,300.00	Other income
VAT refund on software products in excess of tax burden	1,689,841.68	Other income
Talent introduction and job stabilization subsidies	1,514,013.37	Other income
Award of urban land use tax policy	1,307,700.00	Other income
Enterprise operation development reward	1,090,000.00	Other income
Reward of industrial information development	984,100.00	Other income
Others	1,419,125.04	Other income
Subtotal	91,786,260.80	

(2). The amount of government grant included in the profit or loss statement in the current period is RMB 100,414,953.91

VIII. Changes in the consolidation scope

1. Changes in consolidation scope due to other reasons

Changes in consolidation scope due to other reasons and related information (such as newly established subsidiary, liquidation subsidiary, etc.

Entity name	Disposal method	Deregister date	Net assets of the deregister date	Net profit from the beginning date to deregister date
Hangzhou Sanhua Home Appliance Thermal Management System Co., Ltd	Liquidation cancellation	2020/5/18	147,448.25	-80,047.52
Aweco Appliance (Shanghai) Co., Ltd	Liquidation cancellation	2020/6/2	6,669.73	22,351.38

IX. Interest in other entities

1. Interest in subsidiaries

(1) Composition of enterprise group

Subsidiy name	Main operating place	Place of registration	Business nature	Holding proportion		Acquisition method
				Direct	Indirect	
Zhejiang Sanhua Trading Co., Ltd	Zhejiang	Zhejiang	Commerce	100.00%		Establishment
Zhejiang Sanhua Climate & Appliance Controls Group Co., Ltd	Zhejiang	Zhejiang	Manufacture	74.00%	26.00%	Business combination under common control
Zhejiang Sanhua Automotive Components Co., Ltd.	Zhejiang	Zhejiang	Manufacture	100.00%		Business combination under common control
Sanhua(hangzhou) Micro Channel Heat Exchanger Co., Ltd	Zhejiang	Zhejiang	Manufacture	100.00%		Business combination under common control
Sanhua International Inc.	USA	USA	Commerce	100.00%		Business combination under common control
Sanhua International Singapore Pte. Ltd	Singapore	Singapore	Commerce	100.00%		Business combination under common control

Other remarks:

The above subsidiaries are significant subsidiaries of the Company.

2. Interest in joint venture arrangement or associates

(1) Aggregated financial information of insignificant joint ventures and associates

Unit: RMB

	Closing balance/ Current period cumulative	Opening balance/ Preceding period comparative
Joint ventures:	--	--

Proportionate shares in the following items	--	--
Associates:	--	--
Total Carrying amount of investment	14,348,933.44	14,522,259.80
Proportionate shares in the following items	--	--
--Net profit	1,826,673.64	508,944.08
--Total comprehensive income	1,826,673.64	508,944.08

Other remarks

X. Risks Relating to Financial Instruments

The Company has exposure to the following risks from its use of financial instruments, which mainly include: credit risk, liquidity risk, and market risk. The Company's overall risk management strategy is aimed at the unpredictability of the financial market and strives to reduce the potential adverse effects on the Company's financial performance.

(I) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

1. Credit risk management practice

(1) Evaluation method of credit risk

At each reporting date, the Company assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When assessing whether the credit risk has increased significantly since initial recognition, the Company takes into account reasonable and supportable information, which is available without undue cost or effort, including qualitative and quantitative analysis based on historical data, external credit risk rating, and forward-looking information. The Company determines the changes in default risk of financial instruments during the estimated lifetime through comparison of the default risk at the balance sheet date and the initial recognition date, on an individual basis or a collective basis.

The Company considers the credit risk on a financial instrument has increased significantly when one or more of the following qualitative and quantitative standards are met. Quantitative standard mainly relates to the scenario in which, on the balance sheet date, the probability of default in the remaining lifetime has risen by more than a certain percentage compared with the initial recognition. Qualitative standard mainly relates to significant adverse changes in the debtor's operation or financial position, present or expected changes in technology, market, economy or legal environment that will have significant adverse impact on the debtor's repayment ability.

(2) Definition of default and credit-impaired asset

A financial asset is credit-impaired when one or more following events have occurred. The standard is consistent with the definition of credit impairment. The debtor has significant financial difficulty. The debtor breached the binding clause of the contract on the debtor. The debtor is likely to go bankrupt or other financial reorganization. The creditor of the debtor, for economic or contractual reasons relating to the debtor's financial difficulty, having granted to the debtor a concession(s) that the creditor would not otherwise consider.

2. Measurement of expected credit losses

The key factors in the measurement of expected credit loss include the probability of default, loss rate of default, and exposure to default risk. The Company develops a model of the probability of default, loss rate of default, and exposure to default risk on the basis of quantitative analysis of historical data (e.g. counterparty rating, guarantee measures and collateral type, payment method, etc.) and forward-looking information.

3. Please refer to “Notes receivable”, “Accounts receivable”, “Other receivable” for details on the reconciliation table of opening balance and closing balance of provision for losses of financial instrument.

4. Exposure to credit risk and concentration of credit risk

The Company’s credit risk is primarily attributable to cash and bank balances, bank financial investments and receivables.

The Company deposits its bank balances and other cash and bank balances in financial institutions with relatively high credit levels. Some bank acceptance bills held by the Company are accepted and paid by small and medium financial institutions. In addition, in order to improve the efficiency of capital use, the Company entrusts idle funds to banks for financial investment.

The management of the Company believes that, based on the current operating status of domestic banks, bank balances and other cash, notes receivable and bank financial investments are not currently facing serious credit risks. If there is a serious unfavorable differentiation in the bank's credit system in the future, the Company will make adjustments in due course.

The Company performs credit assessment on customers who uses credit settlement on a continuous basis. Based on the customer's financial status, past credit history and other factors, assess the customer's credit rating, and monitor the balance of accounts receivable to control credit risk exposure. For customers with bad credit records, the Company will use written reminders, shorten or cancel credit periods, and reduce credit transaction amounts to ensure that there is no major risk of bad debts.

The Company conducts transactions with recognized and creditworthy customers, and the credit risk is centralized and managed on the basis of customers. As of June 30,2020, the Company has a certain concentration of credit risk, and 34.01% of accounts receivable was due from the five largest customers of the Company. The Company held no collateral or other credit enhancement on balance of receivables.

The maximum amount of exposure to credit risk of the Company is the carrying amount of each financial asset on the balance sheet.

(II) Liquidity risk

The Company continues to monitor short-term and long-term funding needs to ensure that sufficient cash reserves are maintained. At the same time, the Company continuously monitors compliance with the loan agreement to ensure that the credit line obtained from commercial banks can meet short-term or long-term funding needs. When necessary, the Company can implement equity financing.

As of June 30,2020, the undiscounted contractual cash flows of the Company’s financial liabilities listed by maturity date are shown in the following table.

Financial instruments classified based on remaining time period till maturity

Items	Closing balance			
	Within 1 year	1-3 years	Over 3 years	Total
Short-term borrowings (Include interest)	1,275,596,654.06			1,275,596,654.06
Notes payable	973,763,888.02			973,763,888.02
Accounts payable	1,565,086,777.42			1,565,086,777.42
Other payable	291,575,146.18			291,575,146.18
Long-term borrowings (Include interest)		1,324,404,456.90		1,324,404,456.90
Long-term payables (Include interest)		17,738,655.90	74,697,343.36	92,435,999.26
Subtotal	4,106,022,465.68	1,342,143,112.80	74,697,343.36	5,522,862,921.84

(Continued)

Items	Opening balance
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	Within 1 year	1-3 years	Over 3 years	Total
Short-term borrowings (Include interest)	1,311,299,960.81			1,311,299,960.81
Notes payable	1,130,668,415.32			1,130,668,415.32
Accounts payable	1,587,763,752.62			1,587,763,752.62
Other payable	159,464,464.88			159,464,464.88
Non-current liabilities due within one year (Include interest)	223,342,263.89			223,342,263.89
Long-term borrowings (Include interest)		411,319,664.33		411,319,664.33
Long-term payables (Include interest)	194,556.75	15,342,264.21	78,699,036.81	94,235,857.77
Subtotal	4,412,733,414.27	426,661,928.54	78,699,036.81	4,918,094,379.62

(II)Market Risk

1. Interest Rate Risk

The Company's interest risk relates mainly to bank borrowings. The Company's fair value interest risks arise from fixed-rate financial instruments, while the cash flow interest risks arise from floating interest financial instruments. The Company determines the proportion of fixed-rate financial instruments and floating interest rate financial instruments based on the market environment. As of June 30, 2020, the Company's interest-bearing debt accounted for a small proportion, and the interest rate risk it faced was within a controllable range.

The Company continues to monitor the level of interest rates. Rising interest rates will have an adverse impact on the Company's financial performance, and the management will make necessary response measures in a timely manner based on the latest market conditions.

2. Foreign currency risk

The Company's production bases and sales markets are distributed in developed and developing countries, including the United States, the European Union, Japan, India, Mexico, etc. The business volume settled in Euros and U.S. dollars has a certain proportion, and the exchange rate risk is relatively high. Based on internal risk control policies, the Company's management has taken several measures to deal with exchange rate risks: a. pre-judgment based on the trend of exchange rate changes, timely settlement of foreign exchange receipts or delayed settlement of foreign exchange; b. Carry out overseas financing through domestic guarantees and overseas loans to hedge foreign currency monetary assets and control net risk exposure; and c. Carry out forward exchange settlement and foreign currency swap business to lock in exchange rates.

As of June 30, 2020, please refer to "monetary items in foreign currencies" of notes to financial statements for details in foreign currency financial assets and liabilities.

XI. Disclosure of Fair Values**1. Fair values of the assets and liabilities at the end of the period**

Unit: RMB

Item Name	Fair value as of the balance sheet date			
	Level 1	Level 2	Level 3	Total
I. Recurring fair value measurement	--	--	--	--
(I) Held-for-trading	23,478,931.42	1,092,455,485.91	129,309,000.00	1,245,243,417.33

financial assets				
1. Financial assets measured at fair value through profit or loss	23,478,931.42	1,092,455,485.91	129,309,000.00	1,245,243,417.33
(1) Debt instrument investments		1,092,226,291.01	129,309,000.00	1,221,535,291.01
(2) Derivative financial assets	23,478,931.42	229,194.90		23,708,126.32
Total amount of assets constantly measured at their fair values	23,478,931.42	1,092,455,485.91	129,309,000.00	1,245,243,417.33
(VI) Held-for-trading liabilities	48,300.00	8,401,313.09		8,449,613.09
Derivative financial liabilities	48,300.00	8,401,313.09		8,449,613.09
Total amount of liabilities constantly measured at their fair values	48,300.00	8,401,313.09		8,449,613.09
II. Non-constant measurement at fair values	--	--	--	--

2. Basis for determining the market price of items under first level constant and non-constant measurement at fair value.

The fair value of futures contracts is measured at the exchange's open market quotes.

3. Items under second level constant and non-constant measurement at fair value, valuation technique adopted, and qualitative and quantitative information of important parameters

The fair value of forward foreign exchange contracts and bank financing products is measured based on the valuation amount of the host bank or the forward foreign exchange rate announced by the Bank of China. Bank financing products are measured based on the valuation amount of the issuer or manager.

4. Items under third level constant and non-constant measurement at fair value, valuation technique adopted, and qualitative and quantitative information of important parameters.

If the fair value information is insufficient, the bank financing products are measured at cost on behalf of the fair value.

XII. Related party relationships and transactions

1. Parent Company

Parent Company	Place of registration	Business nature	Registered capital	Holding proportion over the Company	Voting right proportion over the Company
Sanhua Holding Group Co., Ltd	Zhejiang Province	Industrial Investment	660 million yuan	50.46%	50.46%

Remarks on the parent Company:

As of June 30, 2020, Sanhua Holding Group Co., Ltd. directly holds 29.78% of the Company's shares, and indirectly holds 20.68% of the shares through its subsidiaries, for a total of 50.46% of the shares.

The final controllers of the Company are Mr Zhang Daocai, Mr Zhang Yabo and Zhang Shaobo.

Other remarks:

2. Information about the Company's subsidiaries

Please refer to section IX of notes to financial statements.

3. Joint ventures and associates of the Company

Please refer to section IX of notes to financial statements for details on the Company's significant joint ventures and associates.

Details of other joint ventures or associates carrying out related party transactions with the Company in current period or in preceding period but with balance in current period are as follows:

Joint ventures or associates	Relationships with the Company
Qingdao Sanhua jinlifeng Machinery Co., Ltd	Associates
Zhongshan Xuanyi Pipe Manufacturing Co., Ltd.	Associates
Chongqing Tainuo Machinery Co., Ltd	Associates

Other remarks

Joint ventures or associates	Abbreviation of associate
Qingdao Sanhua Jinlifeng Machinery Co., Ltd	QSJM
Zhongshan Xuanyi Pipe Manufacturing Co., Ltd.	ZXPM
Chongqing Tainuo Machinery Co., Ltd	CTMC

4. Other related parties of the Company

Other related parties	Other relationships with the Company
Zhejiang Sanhua Lvneng Industry Group Co., Ltd	Shareholders and under the same control of the parent Company
Hangzhou Sanhua Research Institute Co., Ltd.	under the same control of the parent Company

Hangzhou Tongchan Machinery Co., Ltd.	under the same control of the parent Company
Zhejiang Haoyuan Technology Co., Ltd.	under the same control of the parent Company
Hangzhou Sanhua International Building Co., Ltd.	under the same control of the parent Company
Zhejiang Sanhua Zhicheng Real Estate Development Co., Ltd.	under the same control of the parent Company
Xinchang County Sanhua Property Management Co., Ltd.	under the same control of the parent Company
Wuhu Alda Technology Co., Ltd.	Subsidiary of a Company with shares held by the Company
Hangzhou Formost Material Technology Co., Ltd	Subsidiary of a Company with shares held by the Company

Other remarks

Joint ventures or associates	Abbreviation of associate
Sanhua Holding Group Co., Ltd.	SHG
Zhejiang Sanhua Lvneng Industry Group Co., Ltd	ZSGE
Hangzhou Sanhua Research Institute Co., Ltd.	HSRI
Hangzhou Tongchan Machinery Co., Ltd.	HTM
Zhejiang Haoyuan Technology Co., Ltd.	ZHT
Hangzhou Sanhua International Building Co., Ltd.	HSIB
Zhejiang Sanhua Zhicheng Real Estate Development Co., Ltd.	ZSZR
Xinchang County Sanhua Property Management Co., Ltd.	XCSP
Wuhu Alda Technology Co., Ltd.	WAT
Hangzhou Formost Material Technology Co., Ltd	HFMT

5. Related party transactions

(1) Purchase and sale of goods, rendering and receiving services

Purchase of goods and receiving of services

Unit: RMB

Related parties	Content of transaction	Current period cumulative	Approved Transaction Limit	Over the Transaction Limit or No	Preceding period comparative
HSRI	Merchandise	14,303.48	1,500,000.00	No	
HTM	Merchandise	57,168.14	1,500,000.00	No	81,077.58
HTM	Services				124,929.81
QSJM	Merchandise	1,656,061.81	2,000,000.00	No	349,774.37
WAT	Merchandise	4,743.36	50,000.00	No	17,327.58
ZHT	Merchandise	1,063,598.21	1,500,000.00	No	
ZXPM	Merchandise	5,023,870.90	10,000,000.00	No	6,263,590.90

Sale of goods and rendering of services

Unit: RMB

Related parties	Content of transaction	Current period cumulative	Preceding period comparative
HSRI	Merchandise	182,978.26	1,329,760.44
HSRI	Services		636,792.45
QSJM	Merchandise	79,420.08	4,064.97
SHG	Merchandise	674,800.00	
WAT	Merchandise	7,230.77	218,234.34
CTMC	Merchandise		223,199.82
HSIB	Merchandise		265,862.07
ZSZR	Merchandise		17,388.50

Other remarks:

Due to the large number of related parties involved in related party transactions between the parent Company Sanhua Holding Group Co., Ltd and its subsidiaries, the Company approved RMB 1.5 million as the overall purchase quota for purchases from the parent company Sanhua Holding Group Co., Ltd. and its subsidiaries collectively. The approval bases on the merger of the parent Company and its subsidiaries.

(2) Related party guarantees

The Company as guarantors

Unit: RMB

Guaranteed parties	Amount guaranteed	Commencement date	Maturity date	Whether the guarantee is mature
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The Company as guaranteed parties

Guaranteed parties	Amount guaranteed	Commencement date	Maturity date	Whether the guarantee is mature
SHG	RMB 250,000,000.00	February 27, 2020	February 26, 2022	No
SHG	RMB 220,000,000.00	March 26, 2020	March 24, 2022	No
SHG	RMB 100,000,000.00	April 23, 2020	April 22, 2022	No
SHG	RMB 200,000,000.00	June 17, 2020	June 15, 2022	No
SHG	RMB 150,000,000.00	August 28, 2019	August 27, 2020	No
SHG	RMB 130,000,000.00	September 30, 2019	September 29, 2020	No
SHG	RMB 100,000,000.00	October 24, 2019	October 23, 2020	No
SHG	USD 20,000,000.00	December 24, 2019	December 23, 2021	No
SHG	EUR 15,000,000.00	July 5, 2019	June 20, 2022	No

Remarks of related party guarantees

(3) Key management's emoluments

Unit: RMB

Items	Current period cumulative	Preceding period comparative
Key management's emoluments	4,127,788.78	3,920,120.27

(4) Other related party transactions

Unit: RMB

Abbreviation of associate	Content of transaction	Current period cumulative	Preceding period comparative
HSRI	Rental fee, property management	226,684.14	270,459.92
ZHT	fee, water and electricity fee,	628,351.19	
ZSGE	service fee	1,032,369.03	1,380,688.85
HTM	Purchase equipment	5,112,554.76	7,056,710.66
HFMT		966,272.27	1,908,561.58
HSRI	Rental fee, property management	717,369.20	1,595,968.94
SHG	fee, water and electricity fee,	4,313,221.66	3,496,679.16
WAT	service fee	197,707.74	300,394.03
ZSGE		720,433.64	869,874.64

6. Balance due to or from related parties**(1) Receivables**

Unit: RMB

Items	Related parties	Closing balance		Opening Balance	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Accounts receivable	HSRI	434,918.95	21,745.95	358,962.37	17,948.12
Accounts receivable	QSJM	93,610.79	4,680.54	9,331.56	466.58
Accounts receivable	SHG	2,272,555.94	113,627.80		
Accounts receivable	WAT	182,166.18	9,108.31	62,502.41	3,125.12
Accounts receivable	XCSP	3,372.00	168.60	3,372.00	168.60
Accounts receivable	ZSGE	81,403.01	4,070.15		
Accounts receivable	HFMT	1,044,608.14	52,230.41		
Advances paid	HTM	6,233,021.74			
Advances paid	ZXPM			186,974.96	

(2) Payables

Unit: RMB

Items	Related parties	Closing balance	Opening Balance
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Accounts payable	HSRI	266,150.00	266,150.00
Accounts payable	HTM	2,536,979.58	4,002,107.32
Accounts payable	QSJM	1,640,137.08	1,177,838.77
Accounts payable	ZXPM	3,191,767.02	
Advances received	WAT	2,101.34	2,101.34
Other payables	HFMT	100,000.00	100,000.00
Other payables	ZSGE	30,135.60	

XIII. Share-based payment

1. Overall information

✓ Applicable Not applicable

Total equity instruments granted in current period	12.04 million shares
The range of exercise prices of share options outstanding at the end of the period and the remaining contractual life	Incentive plan for stock appreciation rights in 2018: The adjusted grant price of stock appreciation rights is 4.69 yuan, which will be unlocked in batches within 12 months after 24 months and 36 months from the grant date.
The range of exercise prices of other equity instruments at the end of the period and the remaining contractual life	2018 Restricted Stock Incentive Plan: The adjusted restricted stock grant price is 4.69 yuan, which will be unlocked in batches within 12 months after 24 months and 36 months after the grant date. 2020 Restricted Stock Incentive Plan: The adjusted restricted stock grant price is RMB 7.46, which will be unlocked in batches within 12 months after 12 months, 24 months, and 36 months from the grant date.

Other remarks

In 2018, the Company implemented a restricted stock and stock appreciation right incentive plan for core employees. Among them, the number of restricted stocks granted was 10.33 million shares, the number of stock appreciation rights granted was 355,000 shares, and the grant price per share was RMB 8.37. The grant date was September 18, 2018, at 30%:30%:40%. The proportion is unlocked year by year in batches.

In May 2019 and June 2020, the Company implemented the 2018 and 2019 equity distribution. According to the methods stipulated in the "2018 Restricted Stock Incentive Plan" and "2018 Stock Appreciation Rights Incentive Plan", the exercise price and quantity of the underlying stocks involved were adjusted accordingly. After the adjustment, the number of restricted stocks granted was 11.98 million shares. The number of value-added rights granted was 325,300 shares, and the grant price per share was RMB 4.69.

In 2020, the Company implemented a restricted stock incentive plan for core employees. The number of grants was 12.045 million shares, and the grant price per share was RMB 9.85. The grant date was February 24, 2020, and it will be unlocked year by year in batches at a ratio of 30%:30%:40%.

In June 2020, the Company implemented the 2019 equity distribution. According to the method stipulated in

the "2020 Restricted Stock Incentive Plan", the exercise price and quantity of the underlying stocks involved were adjusted accordingly. After the adjustment, the number of restricted stocks granted was 15.6585 million shares, and the grant price per share was RMB 7.46.

2. Equity-settled share-based payment

✓ Applicable Not applicable

Unit: RMB

Determination method for grant-date fair value of equity instruments	Calculated based on the closing price of the stock on the grant date minus the grant price of the restricted stock.
Determination method for the best estimate of the number of equity instruments expected to vest	According to the aforementioned adjusted restricted stock quantity (base number), it will be unlocked year by year in batches at a ratio of 30%:30%:40%. The Company estimates the number of exercisable equity instruments on the following basis: the Company's operating performance can meet the target, the future voluntary turnover rate of the incentive objects is 0%, and the performance appraisal level is above C (the unlocking coefficient is 1).
Reasons for significant difference between the estimates in current period and preceding period	Not applicable
Capital reserve accumulated due to equity-settled share-based payment	54,905,976.80
Total expenses incurred due to equity-settled share-based payment transactions	30,463,131.96

Other remarks

3. Cash-settled share-based payment

✓ Applicable Not applicable

Unit: RMB

Determination method for the fair value of liability incurred by the Company and to be settled in cash or other assets	It is calculated based on the closing price of the stock on the balance sheet date after deduction of the adjusted stock appreciation right grant price.
Liabilities incurred due to cash-settled share-based payment	3,139,116.00
Total expenses incurred due to cash-settled share-based payment transactions	900,665.22

Other remarks

4. Modifications and cancellations of share-based payment transactions

According to the resolution of the Company's second extraordinary general meeting of shareholders in 2020,

the Company adjusted some performance evaluation indicators for the above incentive plan. The main adjustment content is the evaluation indicators for 2020 and beyond, adjusted from "weighted average return on net assets not less than 17%" to "weighted average return on net assets not lower than 17% or not lower than the same industry benchmarking Company's 80-th percentile weighted average return on net assets for the same period." Refer to the Company's Corresponding announcements for details.

XIV. Commitments and contingencies

1. Significant commitments

Significant commitments on the balance sheet day

Approved by the China Securities Regulatory Commission in the Securities Regulatory Commission [2017] No. 1392 document, the Company issued shares in September 2017 to raise a total of 1.3223 million yuan. The funds raised will be used to invest in the construction of "11.5 million sets of new energy auto parts construction project", "new energy vehicle thermal management system component technology transformation project with an annual output of 7.3 million sets", " vehicle air-conditioning control component technology transformation project with an annual output of 12.7 million sets", "expanding product testing room and production auxiliary room project" and "paying intermediary fees".

As of June 30, 2020, please refer to the analysis of investment status in the discussion and analysis of the Company's operation status in the 2020 semi-annual report for details of the expenditure of fundraising projects.

2. Contingencies

(1) If no important contingent matter to be disclosed by the Company, it should also be noted accordingly

No important contingent matter needs to be disclosed by the Company.

XV. Events after the balance sheet date

1. Profit distribution

Unit: RMB

Proposed distribution of profits or dividends	358,225,868.20
Profits or dividends declared to be distributed after deliberation and approval	358,225,868.20

XVI. Other Significant Events

1. Segment information

(1) Basis for reportable segments and the accounting policy

Reportable segments are identified based on operating segments which are determined based on the structure of the Company's internal organization, management requirements and internal reporting system, etc., and

identified the reportable segments based on products.

(2) Financial information of the reporting subsection

Unit: RMB

Items	Refrigeration and air-conditioning electrical parts business	Auto parts business	Inter-segment elimination	Total
Total Operating revenue	4,367,942,431.64	950,236,195.13		5,318,178,626.77
Total Operating cost	3,164,066,988.85	675,559,015.85		3,839,626,004.70
Total assets	12,018,152,672.59	3,522,572,484.15		15,540,725,156.74
Total liabilities	5,207,994,133.80	732,586,068.35		5,940,580,202.15

2. Other remarks

Please refer to “Fixed assets” of notes to financial statements for details in fixed assets leased in by financing. Please refer to “Long-term payables” of notes to financial statements for details in unrecognized financing costs and minimum lease payments to be paid in subsequent years.

XVII. Notes to items of parent Company financial statements

1. Accounts receivable

(1) Disclosure of accounts receivable by categories

Unit: RMB

Category	Closing balance					Opening balance				
	Book balance		Provision for bad debt		Carrying amount	Book balance		Provision for bad debt		Carrying amount
	Amount	Proportion	Amount	Accrued proportion		Amount	Proportion	Amount	Accrued proportion	
Receivables with provision made on an individual basis	823,985,398.50	87.71%			823,985,398.50	986,349,014.75	86.28%			986,349,014.75
Including:										
Receivables with provision made on a collective basis	115,416,370.93	12.29%	5,770,818.55	5.00%	109,645,552.38	156,790,401.29	13.72%	7,839,520.06	5.00%	148,950,881.23
Including:										

Total	939,401,769.43	100.00%	5,770,818.55	0.61%	933,630,950.88	1,143,139,416.04	100.00%	7,839,520.06	0.69%	1,135,299,895.98
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Provision made on an individual basis:

Unit: RMB

Name	Closing balance			
	Book balance	Provision for bad debt	Accrued proportion	Accrued reason
Zhejiang Sanhua Trading Co., Ltd	537,087,611.22			
Sanhua International Singapore Pte. Ltd	245,518,524.35			
Sanhua (Vietnam) Company Limited, etc.	41,379,262.93			
Total	823,985,398.50		--	--

Provision made on a collective basis:

Unit: RMB

Name	Closing balance		
	Book balance	Provision for bad debt	Accrued proportion
Receivables with provision made on a collective basis	115,416,370.93	5,770,818.55	5.00%
Total	115,416,370.93	5,770,818.55	--

The statement of determination of a collective basis:

If the Provision for bad debt of accounts receivable is accrued in accordance with the general expected credit loss model, please refer to the disclosure of other receivables to disclose the relevant information about the Provision for bad debt:

Applicable Not Applicable

Disclosure by aging

Unit: RMB

Aging	Closing balance
Within 1 year (including 1 year)	939,401,769.43
Total	939,401,769.43

(2) Provision for bad debt accrued, recovered or reversed in current period

Provision for bad debt accrued in current period:

Unit: RMB

Category	Opening balance	Changed amount of the current period				Closing balance
		Accrued	Recovered or reversed	Write off	Others	
Receivables with provision made on a collective basis	7,839,520.06		2,068,701.51			5,770,818.55

Total	7,839,520.06		2,068,701.51		5,770,818.55
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(3) Top 5 debtors with the largest accounts receivable balances

Unit: RMB

Name	Closing balance	Proportion to the total balance of accounts receivable	Provision for bad debt at the end of the period
Top 5 debtors with largest balances	846,553,684.24	90.12%	2,292,600.34
Total	846,553,684.24	90.12%	

2. Other receivables

Unit: RMB

Items	Closing balance	Opening balance
Interest receivable	1,789,540.22	
Dividends receivable	14,438,323.76	
Other receivables	548,566,113.71	603,257,516.95
Total	564,793,977.69	603,257,516.95

(1) Interest receivable**1) Categories of interest receivable**

Unit: RMB

Items	Closing balance	Opening balance
Interest on subsidiaries funds	1,789,540.22	
Total	1,789,540.22	

2) Provision for bad debt

□ Applicable √ Not Applicable

(2) Dividends receivable**1) Categories of dividends receivable**

Unit: RMB

Project (or invested entity)	Closing balance	Opening balance
Xinchang Sitong Electrical and Mechanical Co., Ltd	12,048,323.76	

Suzhou Sanhua Air-Conditioner Parts Co., Ltd	1,190,000.00	
Zhongshan Sanhua Air conditioning Refrigeration Components Co., Ltd	1,200,000.00	
Total	14,438,323.76	

2) Provision for bad debt

Applicable Not Applicable

Other remarks:

(3) Other receivables

1) Other receivables categorized by nature

Unit: RMB

Other receivables categorized by nature	Closing balance	Opening balance
Principal and interest of capital assistance to subsidiaries	534,369,210.21	573,806,364.53
Refund of VAT receivable	256,448.95	15,017,287.01
Guarantee deposit	10,381,285.00	10,381,285.00
Others	4,214,247.02	4,660,439.18
Total	549,221,191.18	603,865,375.72

2) Provision for bad debt

Unit: RMB

Provision for bad debt	Phase 1	Phase 2	Phase 3	Total
	Next 12-month expected credit losses	Lifetime expected credit losses (credit not impaired)	Lifetime expected credit losses (credit impaired)	
Balance on January 1, 2020	607,858.77			607,858.77
Balance in current period on January 1, 2020	—	—	—	—
Provision made in current period	47,218.70			47,218.70
Balance on June 30, 2020	655,077.47			655,077.47

Loss provisions for significant changes in book balances in current period

Applicable Not Applicable

Disclosure by aging

Unit: RMB

Aging	Closing balance
Within 1 year (including 1 year)	117,125.08
1 to 2 years	113,408.50
2 to 3 years	221,343.39
Over 3 years	203,200.50
Total	655,077.47

3) Provision for bad debt accrued, recovered or reversed in current period

Provision for bad debt accrued in current period:

Unit: RMB

Category	Opening balance	Changed amount of the current period				Closing balance
		Accrued	Recovered or reversed	Write off	Others	
Receivables with provision made on a collective basis	607,858.77	47,218.70				655,077.47
Total	607,858.77	47,218.70				655,077.47

4) Top 5 debtors with the largest other receivables balances

Unit: RMB

Debtors	Nature of receivables	Closing balance	Age	Proportion to the total balance of other receivables	Provision for bad debt at the end of the period
Sanhua International Singapore Pte. Ltd	Financial aid	141,590,000.00	1 to 2 years	25.78%	0.00
Sanhua (Jiangxi) Self - control Components Co., Ltd.	Financial aid	50,264,000.00	Within 1 year	9.15%	0.00
Shaoxing Shangyu Sanli Copper Industry Co., Ltd	Financial aid	50,084,000.00	Within 1 year	9.12%	0.00
Hangzhou Leaderway Electronics Co., Ltd	Financial aid	48,000,000.00	Within 1 year	8.74%	0.00
Wuhu Sanhua Auto-control Components Co., Ltd	Financial aid	46,252,000.00	Within 1 year	8.42%	0.00
Total	--	336,190,000.00	--	61.21%	0.00

3. Long-term equity investments

Unit: RMB

Investees	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Investments in subsidiaries	4,389,484,397.89		4,389,484,397.89	4,297,929,280.35	54,000,000.00	4,243,929,280.35
Investments in associates and joint ventures	12,627,437.09		12,627,437.09	12,704,660.71		12,704,660.71
Total	4,402,111,834.98		4,402,111,834.98	4,310,633,941.06	54,000,000.00	4,256,633,941.06

(1) Investments in subsidiaries

Unit: RMB

Investees	Opening balance(Carrying amount)	Changed amount of the current period				Closing balance (Carrying amount)	Closing balance of provision for impairment
		Investments increased	Investments decreased	Provision for impairment	Others		
Sanhua International Singapore Pte. Ltd	454,171,908.17	142,872,270.78				597,044,178.95	
Zhejiang Sanhua Self - control Components Co., Ltd	32,000,000.00					32,000,000.00	
Zhejiang Sanhua Climate & Appliance Controls Group Co., Ltd	310,155,131.25	3,544,630.40				313,699,761.65	
Xinchang Sitong Electrical and Mechanical Co., Ltd	65,444,051.15	303,458.12				65,747,509.27	
Wuhu Sanhua Auto-control Components Co., Ltd	150,379,784.89	381,494.26				150,761,279.15	
Shaoxing Shangyu Sanli Copper Industry Co., Ltd	31,930,719.92	247,690.94				32,178,410.86	
Changzhou Ranco Reversing Value Co., Ltd	35,196,850.59	23,719.04				35,220,569.63	
Suzhou Sanhua Air-Conditioner Parts Co.,Ltd	8,395,763.86	112,619.90				8,508,383.76	
Zhongshan Sanhua Refrigeration Components Co., Ltd	5,163,639.29	254,300.23				5,417,939.52	

Zhongshan Sanhua Air conditioning Refrigeration Components Co., Ltd	4,885,524.32	135,071.10				5,020,595.42	
Hangzhou Leaderway Electronics Co., Ltd	47,798,913.83	1,312,876.14				49,111,789.97	
Sanhua (Jiangxi) Self - control Components Co., Ltd.	92,824,141.91	195,545.52				93,019,687.43	
Wuhan Sanhua Refrigeration Parts Co., Ltd	3,734,983.46	186,130.72				3,921,114.18	
Sanhua (Hangzhou) Micro Channel Heat Exchanger Co., Ltd	635,170,819.48	3,821,105.64				638,991,925.12	
Zhejiang Sanhua Trading Co., Ltd	51,053,113.94	1,135,431.80				52,188,545.74	
Hangzhou Sanhua Home Appliance Thermal Management System Co., Ltd	16,247,160.09		16,247,160.09			0.00	
Qingdao Debaiyi Refrigeration Equipment Co., Ltd.	14,580,943.52					14,580,943.52	
Zhejiang Sanhua Automotive Components Co., Ltd.	1,977,416.802.97	6,900,232.06				1,984,317,035.03	
Sanhua International Inc.	307,379,027.71	375,700.98				307,754,728.69	
Total	4,243,929,280.35	161,802,277.63	16,247,160.09			4,389,484,397.89	

(2) Investments in associates and joint ventures

Unit: RMB

Investees	Opening balance (Carrying amount)	本期增减变动								Closing balance (Carrying amount)	Closing balance of provision for impairment
		Investments increased	Investments decreased	Investment income recognized under equity method	Adjustment in other comprehensive income	Changes in other equity	Cash dividend/profit declared for distribution	Provision for impairment	Others		
I. Joint ventures											
II. Associates											
Guochuan Energy	1,493,718.98			-446.80						1,493,272.18	

Internet Innovation Center (Guangdong) Co., Ltd.										
Nanchang Sanhua Jinlifeng Machinery Co., Ltd.	2,335,242 .16		406,364.1 3			500,000.0 0			2,241,606 .29	
Zhongshan Sanhua Tainuo Machinery Co., Ltd.	27,971.57		-27,971.5 7						0.00	
Chongqing Tainuo Machinery Co., Ltd.	8,847,728 .00		1,544,830 .62			1,500,000 .00			8,892,558 .62	
Qingdao Sanhua Jinlifeng Machinery Co., Ltd.	0.00								0.00	
Subtotal	12,704,66 0.71		1,922,776 .38			2,000,000 .00			12,627,43 7.09	
Total	12,704,66 0.71		1,922,776 .38			2,000,000 .00			12,627,43 7.09	

(3) Other remarks**4. Operating revenue and Operating cost**

Unit: RMB

Items	Current period cumulative		Preceding period comparative	
	Revenue	Cost	Revenue	Cost

Main operations	2,025,861,982.70	1,525,914,788.36	2,383,024,761.99	1,852,588,211.54
Other operations	91,350,119.92	90,836,693.41	112,813,701.85	112,416,460.61
Total	2,117,212,102.62	1,616,751,481.77	2,495,838,463.84	1,965,004,672.15

Other remarks:

5. Investment income

Unit: RMB

Items	Current period cumulative	Preceding period comparative
Investment income from long-term equity investments under cost method	16,058,323.76	248,086,031.19
Investment income from long-term equity investments under equity method	1,922,776.38	867,006.32
Gains on disposal of long-term equity investments	-13,099,711.84	57,012.43
Gains and losses on settlement of futures contracts	-5,205,759.36	485,064.76
Gains and losses on settlement of foreign exchange contract	-1,711,629.28	48,634.20
Investment income of bank financing products	3,214,184.92	5,388,024.29
Income of fund using fee	9,817,132.15	
Total	10,995,316.73	254,931,773.19

6. Others

XVIII. Supplementary information

1. Non-recurring profit or loss in current period

Applicable Not Applicable

Unit: RMB

Items	Amount	Remarks
Gains or loss on disposal of non-current assets	-1,403,295.52	
Government grant included in current period profit or loss (excluding Government grants closely related to enterprise business and enjoyed in accordance with the unified national standard quota or ration)	93,590,286.21	
Gains on changes in fair value of held-for-trading financial assets, derivative financial assets, held-for-trading financial liabilities and derivative financial liabilities, and investment income from disposal of held-for-trading financial assets, derivative financial assets, held-for-trading financial liabilities, derivative financial liabilities and other investment, excluding those arising from hedging business related to operating activities	-23,409,775.96	
Other non-operating revenue or expenditures except the above items	1,196,846.18	

Other profit or loss satisfying the definition of non-recurring profit or loss	1,113,187.32	
Less: Enterprise income tax affected	9,222,107.32	
Non-controlling interest affected	574,585.23	
Total	61,290,555.68	--

For items defined as non-recurring profit or loss according to “the No. 1 Explanatory Announcement on Information Disclosure for Companies Offering Their Securities to Public - Non-recurring Profit or Loss”, non-recurring profit or loss items listed in the said document defined as project of recurring profit or loss, specify the reason

Applicable Not Applicable

2. ROE and EPS

Profit of the reporting period	Weighted average ROE	EPS	
		Basic EPS(RMB/share)	Diluted EPS(RMB/share)
Net profit attributable to shareholders of ordinary shares	6.74%	0.18	0.18
Net profit attributable to shareholders of ordinary shares after deducting non-recurring profit or loss	6.10%	0.16	0.16

3. Financial data variance between financial reporting prepared under domestic and international accounting standards

(1) Differences of net profits and net assets in the financial reports disclosed according to the IFRS and Chinese Accounting Standards

Applicable Not Applicable

(2) Differences of net profits and net assets in the financial reports disclosed according to the overseas accounting standards and Chinese Accounting Standards

Applicable Not Applicable

(3) Reasons for accounting data variance between financial reporting prepared under domestic and international accounting standards, and for the difference adjustment on the data already audited by an overseas audit institution, the name of the audit institution should be noted

4. Others

1. Calculation process of weighted average ROE

(1) Weighted average net assets

Changed item in net assets	Amount	Weighted by month	Weighted average net assets

Net assets attributable to shareholders of ordinary shares at the beginning of period	9,291,632,928.45	6/6	9,291,632,928.45
Net profit attributable to shareholders of ordinary shares	643,481,717.35	3/6	321,740,858.68
Cash dividend announced in May	-413,337,540.30	1/6	-68,889,590.05
Cash dividend announced in May, including the reduction of restricted shares repo obligations	3,189,495.00	1/6	531,582.50
Converted difference in Foreign Currency Statements	-26,456,121.98	3/6	-13,228,060.99
Equity-settled share-based payment (phase 1)	4,728,589.32	3/6	2,364,294.66
Equity-settled share-based payment (phase 2)	25,734,542.64	2/6	8,578,180.88
Net assets attributable to shareholders of ordinary shares at the end of period	9,528,973,610.48		9,542,730,194.13

(2) Weighted average ROE

Items	Symbol	Current period cumulative
Net profit attributable to shareholders of ordinary shares	A	643,481,717.35
Non-recurring profit or loss	B	61,290,555.68
Net profit attributable to shareholders of ordinary shares after deducting non-recurring profit or loss	C=A-B	582,191,161.67
Weighted average net assets	D	9,542,730,194.13
Weighted average ROE	E=A/D	6.74%
Weighted average ROE after deducting non-recurring profit or loss	F=C/D	6.10%

2. Calculation process of Basic EPS and Diluted EPS

(1) Basic EPS

Items	Symbol	Current period cumulative
Net profit attributable to shareholders of ordinary shares	A	643,481,717.35
Non-recurring profit or loss attributable to shareholders of ordinary shares	B	61,290,555.68
Net profit attributable to shareholders of ordinary shares after deducting non-recurring profit or loss	C=A-B	582,191,161.67
Total shares at the beginning of period	D	2,765,657,898
Capital reserve converted into share capital	E	826,675,080
Considering the number of restricted shares after the conversion and lifting of the ban	F	27,642,290
Weighted average number of ordinary shares outstanding (excluding restricted shares)	G(noted)	3,564,690,688
Basic EPS	H=A/G	0.18
Basic EPS after deducting non-recurring profit or loss	I=C/G	0.16

Remark: G=D+E-F

(2) Diluted EPS

Items	Symbol	Current period cumulative
Net profit attributable to shareholders of ordinary shares	A	643,481,717.35

Non-recurring profit or loss	B	61,290,555.68
Net profit attributable to shareholders of ordinary shares after deducting non-recurring profit or loss	$C=A-B$	582,191,161.67
Weighted average number of ordinary shares outstanding (excluding restricted shares)	D	3,564,690,688
Weighted average number of ordinary shares increased by equity incentive restricted shares	E	14,003,342
Weighted average number of ordinary shares outstanding after dilution	$F=D+E$	3,578,694,030
Diluted EPS	$G=A/F$	0.18
Diluted EPS after deducting non-recurring profit or loss	$H=C/F$	0.16

Section XII Documents Available for Inspection

1. The financial report signed by the chairman of the board.
2. The financial report signed and sealed by the Company's legal representative, chief finance officer and person in charge of accounting department.
3. Original copy of all the Company's documents and announcements published on the newspapers designated by CSRC within the reporting period.
4. Other documents available for inspection