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## **ZHEJIANG SANHUA INTELLIGENT CONTROLS CO., LTD.**

**浙江三花智能控制股份有限公司**

*(A joint stock company incorporated in the People's Republic of China with limited liability)*

**(Stock Code: 2050)**

### **RENEWAL OF CONTINUING CONNECTED TRANSACTIONS**

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Reference is made to the section headed “Connected Transaction” of the prospectus of the Company dated June 13, 2025, in relation to, among others, Provision of Products Framework Agreement and Procurement of Materials Framework Agreement entered into between the Company (on behalf of the Group) and Sanhua Holding (on behalf of Sanhua Holding Group).

As the Provision of Products Framework Agreement and Procurement of Materials Framework Agreement will expire on December 31, 2025, and the Company expects such transactions to continue thereafter, on December 17, 2025, the Company (on behalf of the Group) and Sanhua Holding (on behalf of Sanhua Holding Group) agreed to enter into: (i) the 2026 Provision of Products Framework Agreement, in relation to the supply of manufactured products by the Group to Sanhua Holding Group; and (ii) the 2026 Procurement of Materials Framework Agreement, in relation to procurement of various materials, power and supplies from Sanhua Holding Group by the Group.

#### **LISTING RULES IMPLICATIONS**

Sanhua Holding is a member of the Company’s Controlling Shareholders Group. As at the date of this announcement, the Controlling Shareholders Group collectively hold approximately 39% of the Company’s total share capital. Accordingly, Sanhua Holding is a connected person of the Company, and the transactions contemplated under the 2026 Provision of Products Framework Agreement and 2026 Procurement of Materials Framework Agreement constitute continuing connected transactions of the Company pursuant to Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the annual caps for each of the 2026 Provision of Products Framework Agreement and the 2026 Procurement of Materials Framework Agreement is more than 0.1% but less than 5%, the transactions contemplated thereunder are therefore subject to reporting, announcement and annual review requirements but are exempt from the requirement of independent Shareholders' approval under Chapter 14A of the Listing Rules.

## INTRODUCTION

Reference is made to the section headed "Connected Transaction" of the prospectus of the Company dated June 13, 2025, in relation to, among others, Provision of Products Framework Agreement and Procurement of Materials Framework Agreement entered into between the Company (on behalf of the Group) and Sanhua Holding (on behalf of Sanhua Holding Group).

As the Provision of Products Framework Agreement and Procurement of Materials Framework Agreement will expire on December 31, 2025, and the Company expects such transactions to continue thereafter, on December 17, 2025, the Company (on behalf of the Group) and Sanhua Holding (on behalf of Sanhua Holding Group) agreed to enter into: (i) the 2026 Provision of Products Framework Agreement, in relation to the supply of manufactured products by the Group to Sanhua Holding Group; and (ii) the 2026 Procurement of Materials Framework Agreement, in relation to procurement of various materials, power and supplies from Sanhua Holding Group by the Group.

### 1. 2026 Provision of Products Framework Agreement

Principal terms of the 2026 Provision of Products Framework Agreement are set out as follows:

Date: December 17, 2025

Parties: (1) the Company (on behalf of the Group); and  
(2) Sanhua Holding (on behalf of Sanhua Holding Group)

Term: From January 1, 2026 to December 31, 2026

Subject matter: The Group agreed to supply Sanhua Holding Group with manufactured products, including but not limited to power, filters, molds, valve products, heat exchangers and home appliances (the "**Component Products**"). The filters, molds, valve products, and heat exchangers are procured by Sanhua Holding Group to manufacture products including pneumatic solenoid valves and textile machine solenoid valves, as well as their assemblies.

Payment and  
settlement terms:

Payment and settlement terms under the 2026 Provision of Products Framework Agreement shall be specified in each of the implementation agreements to be entered into under the 2026 Provision of Products Framework Agreement in due course.

### ***Pricing Policy***

The amount to be paid by Sanhua Holding Group to the Group under the 2026 Provision of Products Framework Agreement generally adopt a cost-plus method. The costs are mainly determined, after arm's length negotiation between the parties, on the basis of the raw material costs and additional costs, including fees in relation to depreciation, auxiliary materials, and labour costs. Profits are mainly determined based on reasonable profit margins and are ultimately determined based on the arm's length negotiations between the parties in accordance with normal commercial terms. Based on historical transactions, the profit margin for such products generally ranges from 10% to 35%, depending on factors such as product type and procurement scale. The Company will also take into account the prices offered by the Group to at least two other comparable customers for the purchase of similar products to the extent practicable. In addition, the Group will implement internal control measures to ensure that the pricing of the continuing connected transactions is fair and reasonable. Details of the internal control measures are set out in the section headed "Internal Control Measures" in this announcement.

### ***Historical Amounts***

The amounts of fees paid by Sanhua Holding Group to the Group under the Provision of Products Framework Agreement for the eleven months ended November 30, 2025 was approximately RMB34.60 million.

### ***Annual Caps and Basis of Determination***

It is estimated that the maximum aggregate amount of fees to be paid by Sanhua Holding Group to the Group under the 2026 Provision of Products Framework Agreement will not exceed RMB84.00 million for the year ending December 31, 2026.

The aforementioned annual cap was determined by the Directors after considering the following factors: (i) historical transaction amounts for the eleven months ended November 30, 2025; (ii) the estimated scale of potential cooperation under current negotiations, where Sanhua Holding Group intends to procure the Component Products from the Group in 2026. Sanhua Holding Group's demand for the Group's Component Products is expected to increase in 2026 due to its business expansion; (iii) the procurement of refrigeration-related components by Sanhua Holding Group from the Group commenced in 2025, with the Group expected to supply at scale in 2026. The transaction amounts for such products are expected to increase by approximately RMB20.0 million to RMB30.0 million in 2026; and (iv) an approximate 5% buffer set for price changes of related products and potential market fluctuations.

## ***Reasons for and Benefits of Entering into the 2026 Provision of Products Framework Agreement***

The Group maintains a long-term and stable business relationship with Sanhua Holding Group. Sanhua Holding Group is familiar with the products the Group manufactured and procures these products for its research and development, testing and employee benefits purposes. The Group is not and will not be bound to collaborate with Sanhua Holding Group, and the Group will only manufacture and provide the required products to Sanhua Holding Group if the Company considers such cooperation to be in the interests of the Company and its Shareholders as a whole. Such cooperation with Sanhua Holding Group not only brings the Group additional sales but also the opportunities to expand the Group's reach and further promote offerings of the Group. Sanhua Holding Group possesses a thorough understanding of the Group's product type, product quality, and cooperation model. Continuing this partnership is cost-effective and mutually beneficial for both parties.

## **2. 2026 Procurement of Materials Framework Agreement**

Principal terms of the 2026 Procurement of Materials Framework Agreement are set out as follows:

Date:	December 17, 2025
Parties:	(1) the Company (on behalf of the Group); and (2) Sanhua Holding (on behalf of Sanhua Holding Group)
Term:	From January 1, 2026 to December 31, 2026
Subject matter:	The Group agreed to procure various materials, power and supplies from Sanhua Holding Group.
Payment and settlement terms:	Payment and settlement terms under the 2026 Procurement of Materials Framework Agreement shall be specified in each of the implementation agreements to be entered into under the 2026 Procurement of Materials Framework Agreement in due course.

### ***Pricing Policy***

The amount to be paid by the Group to Sanhua Holding Group under the 2026 Procurement of Materials Framework Agreement shall be determined by commercial negotiation between the parties according to the principles of fairness and reasonableness, taking into account the factors including but not limited to the type of materials, transaction volume and the prices for the procurement of similar materials of the same nature, type and quantity by the Group from other Independent Third Parties. To ensure that the prices are fair, reasonable, and consistent with the prevailing market, the Group will obtain quotations from independent third-party sellers (at least two in principle) who provide the same or similar products. These quotations will be compared with those of Sanhua Holding Group, and the Group will only accept Sanhua Holding Group's quotations if they are no less favorable than those of independent third-party sellers. In addition, the Group will implement internal control measures to ensure that the pricing of the continuing connected transactions is fair and reasonable. Details of the internal control measures are set out in the section headed "Internal Control Measures" in this announcement.

### ***Historical Amounts***

The amounts of fees paid by the Group to Sanhua Holding Group under the Procurement of Materials Framework Agreement for the eleven months ended November 30, 2025 was approximately RMB53.03 million.

### ***Annual Caps and Basis of Determination***

It is estimated that the maximum aggregate amount of fees to be paid by the Group to Sanhua Holding Group under the 2026 Procurement of Materials Framework Agreement will not exceed RMB108.00 million for the year ending December 31, 2026.

The aforementioned annual cap was determined by the Directors after considering the following factors: (i) historical transaction amounts for the eleven months ended November 30, 2025; (ii) the volume and value of existing orders the Group has from certain of its customers; (iii) the Company's expected growth in business scale in 2026, attributable to the Group's business expansion plans; (iv) the estimated transaction volumes for materials, power and supplies procurement following the implementation of the Group's 2026 sales plan, which is prepared according to annual production forecasts and production plans for each business unit; (v) the close cooperation between both parties since Sanhua Holding Group began supplying materials, power and supplies to the Group, with the expectation that the Group's demand for materials, power and supplies from Sanhua Holding Group will further increase in the future; and (vi) an approximate 5% buffer set for price changes of related materials and potential market fluctuations.

### ***Reasons for and Benefits of Entering into the 2026 Procurement of Materials Framework Agreement***

The Group has been purchasing materials, power and supplies from Sanhua Holding Group over the years in the ordinary and usual course of business. The Group and Sanhua Holding Group has established a long-term and stable business relationship, and Sanhua Holding Group has acquired a comprehensive understanding of the Group's business and operational requirements of the materials, power and supplies. Therefore, the Company believes it is in the best interest of the Company and its Shareholders as a whole to continue to procure such materials, power and supplies from Sanhua Holding Group who is capable of fulfilling the Group's demands with a stable and high-quality supply of materials, power and supplies on terms which are similar to or better than those offered by Independent Third Parties.

### **OPINION FROM THE BOARD**

The Directors (including the independent non-executive Directors) are of the view that the terms of each of the 2026 Provision of Products Framework Agreement and the 2026 Procurement of Materials Framework Agreement were determined after arm's length negotiation, and the transactions thereunder (including the annual cap for the year ending December 31, 2026) are conducted in the ordinary and usual business of the Company and are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Mr. ZHANG Yabo, Mr. WANG Dayong, Mr. REN Jintu, Mr. NI Xiaoming, Mr. CHEN Yuzhong and Mr. ZHANG Shaobo, all being the Directors, have abstained from voting on the relevant resolutions approving each of the 2026 Provision of Products Framework Agreement and the 2026 Procurement of Materials Framework Agreement and the transactions contemplated thereunder, due to their relationship with Sanhua Holding.

Save as disclosed above, none of the other Directors has material interests in the 2026 Provision of Products Framework Agreement, the 2026 Procurement of Materials Framework Agreement or the transactions thereunder, and therefore none of the other Directors abstained from voting on the relevant resolutions.

### **INFORMATION ON THE PARTIES**

The Company is principally engaged in the research and development, production and sales of refrigeration and air-conditioning product components and automotive components.

Sanhua Holding is primarily engaged in industrial investment. Aside from the business operated by the Group, Sanhua Holding, through Zhejiang Sanhua Green Energy Industrial Group Co., Ltd., mainly engages in operations in fields of property development and management, equity investment, bulk trading and industrial automation. Sanhua Holding is ultimately controlled by Mr. ZHANG Daocai, Mr. ZHANG Yabo and Mr. ZHANG Shaobo.



## INTERNAL CONTROL MEASURES

The Group adopts the following internal control measures to ensure that the transactions will be carried out in accordance with the terms of the 2026 Provision of Products Framework Agreement and the 2026 Procurement of Materials Framework Agreement, including the pricing policies, and in compliance with all the applicable requirements under the Listing Rules:

- the Group has adopted a connected transactions management policy for the purpose of ensuring that connected transactions under the 2026 Provision of Products Framework Agreement and the 2026 Procurement of Materials Framework Agreement will be conducted in a fair manner, on normal commercial terms and in the interests of the Group and its Shareholders as a whole;
- prior to the execution of the underlying agreements under the 2026 Provision of Products Framework Agreement and the 2026 Procurement of Materials Framework Agreement, the operations department of the relevant business segment of the Group will compare the terms of the proposed transactions (including pricing and other contractual terms) with those of similar transactions entered into with Independent Third Parties or the terms offered to or by Independent Third Parties (as the case may be), to ensure that the terms of the agreements under the 2026 Provision of Products Framework Agreement and the 2026 Procurement of Materials Framework Agreement are no less favorable to the Group than those available between the Group and Independent Third Parties.
- the finance team of the Group shall regularly review the pricing of transactions under the 2026 Provision of Products Framework Agreement and the 2026 Procurement of Materials Framework Agreement to ensure that those transactions are conducted in accordance with the pricing terms therein;
- the internal control team of the Group shall periodically review the pricing of the transactions under the 2026 Provision of Products Framework Agreement and the 2026 Procurement of Materials Framework Agreement against the prices negotiated between the Group and Independent Third Parties for similar products, to ensure that the terms of the agreements are no less favorable to the Group than those available between the Group and Independent Third Parties;
- the finance and business teams of the Group shall periodically monitor the transaction amounts under the 2026 Provision of Products Framework Agreement and the 2026 Procurement of Materials Framework Agreement and, when it is expected that the transaction amount might exceed the annual cap, promptly report in accordance with the Group's connected transactions management policy to ensure compliance with all applicable requirements under the Listing Rules, including revising the relevant annual cap when appropriate;

- the legal team of the Group has reviewed the terms of the 2026 Provision of Products Framework Agreement and the 2026 Procurement of Materials Framework Agreement and shall, in the event of any proposed change to the major terms of the transactions, ensure compliance with all applicable requirements under the Listing Rules, including but not limited to publishing an announcement; and
- the independent non-executive Directors and auditors of the Company will conduct an annual review of the continuing connected transactions under the framework agreements and provide annual confirmations in accordance with Rules 14A.55 and 14A.56 of the Listing Rules.

## **LISTING RULES IMPLICATIONS**

Sanhua Holding is a member of the Company's Controlling Shareholders Group. As at the date of this announcement, the Controlling Shareholders Group collectively hold approximately 39% of the Company's total share capital. Accordingly, Sanhua Holding is a connected person of the Company, and the transactions contemplated under the 2026 Provision of Products Framework Agreement and 2026 Procurement of Materials Framework Agreement constitute continuing connected transactions of the Company pursuant to Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the annual caps for each of the 2026 Provision of Products Framework Agreement and the 2026 Procurement of Materials Framework Agreement is more than 0.1% but less than 5%, the transactions contemplated thereunder are therefore subject to reporting, announcement and annual review requirements but are exempt from the requirement of independent Shareholders' approval under Chapter 14A of the Listing Rules.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

"Board"	the board of Directors of the Company
"China" or "PRC"	The People's Republic of China, but for the purpose of this announcement and for geographical reference only and except where the context requires, references in this announcement to "China" and the "PRC" do not apply to Hong Kong, Macau Special Administrative Region and Taiwan
"Company"	Zhejiang Sanhua Intelligent Controls Co., Ltd. (浙江三花智能控制股份有限公司), a joint stock limited company duly incorporated in the PRC with limited liability, the H shares of which are listed on the Stock Exchange under stock code 02050 and the A Shares of which are listed on the Shenzhen Stock Exchange under stock code 002050
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"connected transaction(s)"	has the meaning ascribed to it under the Listing Rules



“Controlling Shareholder(s)” or “Controlling Shareholders Group”	Mr. Zhang Daocai, Ms. Yu Qingjuan, Mr. Zhang Yabo, Mr. Zhang Shaobo, Xinchang Huaqing Investment Co., Ltd., Xinchang Huaxin Industrial Co., Ltd., Zhejiang Huateng Industrial Co., Ltd., Sanhua Holding, Hield International (H.K.) Limited, Wealth Info Limited and Zhejiang Sanhua Green Energy Industrial Group Co., Ltd., collectively the controlling shareholders group of the Company
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK” or “Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Parties”	any entity or person who is not a connected person of the Company within the meaning ascribed thereto under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented, or otherwise modified from time to time
“Provision of Products Framework Agreement”	an agreement entered into between the Company (on behalf of the Group) and Sanhua Holding (on behalf of Sanhua Holding Group) on June 10, 2025, in relation to the supply of manufactured products including but not limited to power, filters, molds, valve products, heat exchangers and home appliances by the Group to Sanhua Holding Group
“Procurement of Materials Framework Agreement”	an agreement entered into between the Company (on behalf of the Group) and Sanhua Holding (on behalf of Sanhua Holding Group) on June 10, 2025, in relation to procurement of various materials, power and supplies from Sanhua Holding Group by the Group
“RMB” or “Renminbi”	Renminbi, the lawful currency of China
“Sanhua Holding”	Sanhua Holding Group Co., Ltd. (三花控股集團有限公司), a PRC company established on July 11, 2000, one of the Controlling Shareholders of the Company
“Sanhua Holding Group”	Sanhua Holding and its subsidiaries and associates, excluding the Group
“Shareholder(s)”	holder(s) of the share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“subsidiary(ies)”	has the same meaning ascribed to it under the Listing Rules
“2026 Provision of Products Framework Agreement”	an agreement entered into between the Company (on behalf of the Group) and Sanhua Holding (on behalf of Sanhua Holding Group) on December 17, 2025, in relation to the supply of manufactured products including but not limited to power, filters, molds, valve products, heat exchangers and home appliances by the Group to Sanhua Holding Group
“2026 Procurement of Materials Framework Agreement”	an agreement entered into between the Company (on behalf of the Group) and Sanhua Holding (on behalf of Sanhua Holding Group) on December 17, 2025, in relation to procurement of various materials, power and supplies from Sanhua Holding Group by the Group
“%”	per cent

By order of the Board  
**Zhejiang Sanhua Intelligent Controls Co., Ltd.**  
**Zhang Yabo**  
*Chairman of the Board and Executive Director*

Hong Kong, December 17, 2025

*As at the date of this announcement, the Board comprises: (i) Mr. ZHANG Yabo, Mr. WANG Dayong, Mr. NI Xiaoming and Mr. CHEN Yuzhong as executive directors; (ii) Mr. ZHANG Shaobo and Mr. REN Jintu as non-executive directors; and (iii) Mr. BAO Ensi, Mr. SHI Jianhui, Ms. PAN Yalan and Mr. GE Jun as independent non-executive directors.*