



Anhui Zhongding Sealing Parts CO.,Ltd.

**Abstract of the Semi-Annual Report 2022**

Stock Abbreviation: Zhongding Stock

Stock code: 000887

August 2022

## 1. Important Statements

This is an abstract of the Semi-Annual Report 2022. Investors are suggested to read the complete version of the Semi-Annual Report 2022 on the media, which is designated by the China Securities Regulatory Commission(the “CSRC”) to have a full understanding of operational results, financial statements, and future plans of the Company.Should there be any inconsistency between the Chinese version and English version, the Chinese version shall prevail.

All directors attended the Semi-Annual Report Meeting of the Board of Directors

Modified Audit Opinion

Applicable Not Applicable

The preliminary plan for dividend distribution and converting capital reserves into share capital for common shareholders which were considered and approved by the Board during the reporting period.

Applicable Not Applicable

The company doesn't plan to distribute cash dividends 、 stock dividend and convert capital reserves into share capital.

The preliminary plan for dividend distribution for preferred shares in the reporting period was approved by the Board

Applicable Not Applicable

## 2. Basic Information Of The Company

### (1) Company Profile

|   |   |   |        |
|---|---|---|--------|
| Stock Abbreviation  | Zhongding Stock   | Stock Code  | 000887 |
| Stock Exchange Where the Shares of the Company are Listed | Shenzhen Stock Exchange   |   |        |
| Contact Us  | Board Secretary   | Securities Representative   |        |
| Name  | Jiang Weijian   | Wang Songyuan   |        |
| Address   | Economic and Technological Development Zone, Ningguo City, Anhui Province | Economic and Technological Development Zone, Ningguo City, Anhui Province |        |
| Tel.  | 0563-4181887  | 0563-4181887  |        |
| E-mail  | jiangwj@zhongdinggroup.com  | wangsy@zhongdinggroup.com   |        |

### (2) The Main Financial Data And Financial Indicator

Whether the Company performed a retroactive adjustment to or restatement of accounting data

Yes No

|  | This reporting period | The same period of last year | Yo Y change(%) |
|--|-----------------------|------------------------------|----------------|
| Operating revenues (Yuan)                  | 6,573,456,892.17      | 6,383,010,495.27             | 2.98%          |
| Net Profit attributable to shareholders of | 470,532,188.44        | 591,179,161.95               | -20.41%        |

|   |                                  |   |                |
|---|----------------------------------|---|----------------|
| the Company (Yuan)  |                                  |   |                |
| Net profit attributable to shareholders of the Company before non-recurring gains and losses (Yuan) | 400,706,431.95                   | 440,347,758.60                          | -9.00%         |
| Net cash flows from operating activities (Yuan)   | 452,646,622.41                   | 644,879,655.85                          | -29.81%        |
| Basic earnings per share (RMB Yuan /share)  | 0.37                             | 0.48                                    | -22.92%        |
| Diluted earnings per share (RMB Yuan /share)  | 0.37                             | 0.46                                    | -19.57%        |
| Weighted average return on net assets   | 4.78%                            | 6.50%                                   | -1.72%         |
|   | The end of this reporting period | The end of the same period of last year | Yo Y change(%) |
| Total assets(Yuan)  | 19,090,840,343.38                | 18,296,566,389.99                       | 4.34%          |
| Net assets attributable to shareholders of the Company (Yuan)                                       | 10,550,685,754.70                | 9,266,893,212.21                        | 13.85%         |

### (3) The Number And Shareholdings Of The Company's Shareholders

Unit: share

| Total number of common shareholders at the end of the Reporting Period   |                                      | 57,603                  | Total number of preferred shareholders with resumed voting rights at the end of the reporting period(If any) |                                  | 0                        |             |
|--|--------------------------------------|-------------------------|--|----------------------------------|--------------------------|-------------|
| Top ten common shareholders  |                                      |                         |  |                                  |                          |             |
| Name of shareholder  | Nature of shareholder                | Shareholding percentage | Total shares held at the period-end  | Number of restricted shares held | Pledged or frozen shares |             |
|  |                                      |                         |  |                                  | Status                   | Number      |
| Anhui Zhongding Holding (Group) Co., LTD   | Domestic non-state-owned corporation | 40.46%                  | 532,701,321.00   |                                  | Pledged                  | 142,500,000 |
| Industrial and Commercial Bank of China LTD - China - Europe Times pioneer equity - initiated securities investment fund | Others                               | 1.46%                   | 19,225,568.00  |                                  |                          |             |
| Agricultural Bank of   | Others                               | 1.16%                   | 15,239,729.00  |                                  |                          |             |

|  |                         |       |               |  |  |  |
|--|-------------------------|-------|---------------|--|--|--|
| China Co., Ltd. - Guotai Intelligent Automobile Stock Investment Fund  |                         |       |               |  |  |  |
| China Construction Bank Corporation - China Europe New Blue Chip Flexible Allocation Hybrid Securities Investment Fund | Others                  | 1.04% | 13,646,897.00 |  |  |  |
| Hong Kong Securities Clearing Co., Ltd.  | Foreign Corporation     | 0.98% | 12,917,223.00 |  |  |  |
| Abu Dhabi Investment Authority   | Foreign Corporation     | 0.98% | 12,853,963.00 |  |  |  |
| (LOF) Industrial Bank Co., Ltd. - Sino-Europe New Trend Equity Securities Investment Fund (LOF)                        | Others                  | 0.83% | 10,926,900.00 |  |  |  |
| Miaosu   | Domestic natural person | 0.76% | 9,954,202.00  |  |  |  |
| Everyone Life Insurance Co., LTD. - Universal Products   | Others                  | 0.66% | 8,719,022.00  |  |  |  |
| Bank of China Limited - Cathay   | Others                  | 0.66% | 8,715,301.00  |  |  |  |

|  |   |  |  |  |  |  |
|--|---|--|--|--|--|--|
| Intelligent<br>Equipment<br>Equity<br>Investment<br>Fund   |   |  |  |  |  |  |
| Explanation of the related relationship or concerted action of the above shareholders                  | The company does not know whether there is an associated relationship between the shareholders, and whether it is a person acting in concert stipulated in the "Administrative Measures for the Disclosure of Information on Changes in Shareholdings of Shareholders of Listed Companies". |  |  |  |  |  |
| Description of shareholders participating in margin financing and securities lending business (if any) | Not Applicable  |  |  |  |  |  |

#### **(4) Changes Of The Controlling Shareholder Or The Actual Controller**

Change of the controlling shareholder in the reporting period

Applicable Not Applicable

There was no any change of the controlling shareholder of the Company in the reporting period

Change of the actual controller in the reporting period

Applicable Not Applicable

There was no any change of the actual controller of the Company in the reporting period.

#### **(5) The Table Of The Total Number Of The Company's Preferred Shareholders And The Shareholding Situation Of Top 10 Preferred Shareholders**

There is no shareholding of preferred shareholders during the reporting period.

#### **(6) Status Of The Bonds Existing On The Date Of Approval Of The Semi-Annual Report**

Applicable Not Applicable

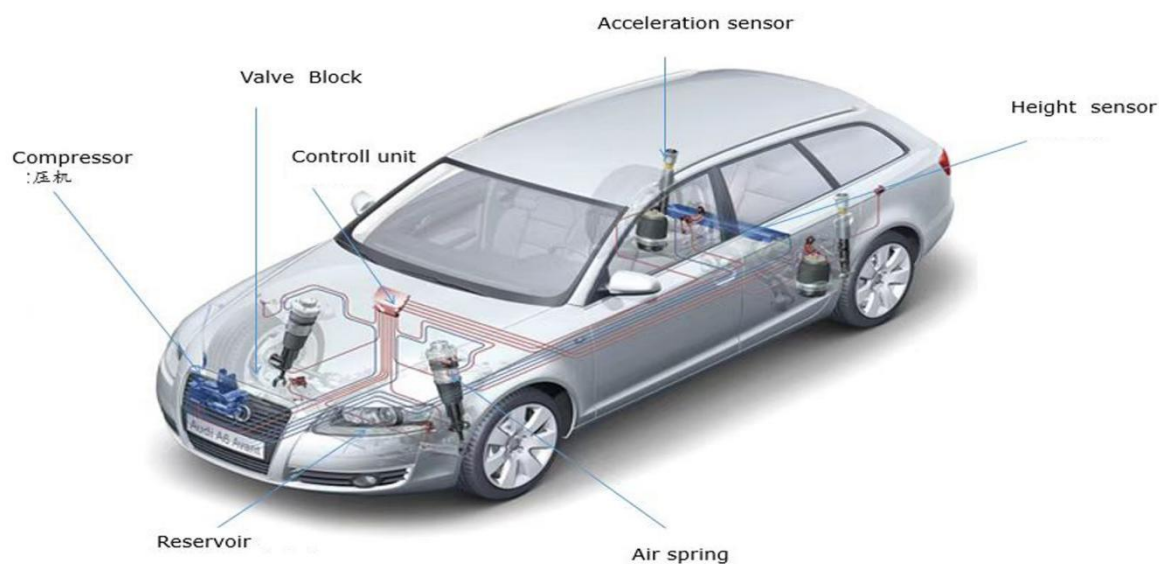
### **3. Important Items**

The company continued to promote the cost control and refined management of overseas factories. Under the severe impact of the industry downturn and the novel coronavirus epidemic, the company further carried out a series of measures such as cost optimization and non-core business divestiture of overseas enterprises, which increased the recovery of overseas business speed and certainty; through continuous management improvement, domestic and foreign production capacity has been fully restored and maintained a continuous positive growth trend, the orders in hand continued to increase month-on-month, and the company's overall profit gradually

increased. On the basis of years of mutual adaptation with overseas enterprises, the company has gradually strengthened the strategy of management output and cultural output, upgraded from regional management to modular management, strengthened the cost control of overseas enterprises, promoted business integration and market expansion, at the same time, take advantage of the Chinese engineer bonus, and further accelerate technology absorption and innovation. While maintaining the steady growth of traditional businesses, the company continues to promote the growth of incremental businesses of air suspension systems, lightweight chassis systems, and fluid piping systems. Currently, the incremental business has a good momentum of development, and related orders are showing a momentum of accelerated growth. The company will continue to focus on the core strategic goal of intelligent chassis system, and promote the company's business to move towards intelligence. The company continued to rank among the "Top 100 Global Auto Parts Industry" (ranked 85th).

## (1) Intelligent Chassis system business-Air suspension system

### ① Introduction of Products



Compare to coil spring suspension, air suspension system has the advantage that the Spring stiffness can be adjusted according to different usage scenario. Base on the different road conditions and the input from the height and acceleration sensor, the ECU of ECAS system will identify the vehicle height change, the air height of air spring can be adjusted through the control the air compressor and valve block to realize the lift or lowering of the vehicle body.

It can make the vehicle body more stable and improve the trafficability characteristic.

The application of ECAS system can improve the comfort and the manoeuvrability of vehicle.

The scope of ECAS includes air compressor, ECU, sensors, air springs, etc.

### ② Future Market potential

With the advent of the era of new energy vehicles, the appeal of new energy vehicles intelligent, while chassis protection air suspension system is no longer the exclusive high-end models, because the new energy vehicle chassis system stability requirements are much higher than pure fuel vehicles, air suspension system has gradually become the mainstream configuration of the new energy vehicle platform.

Leading voice intelligent system, intelligent air suspension system and excellent automatic driving function

are the core of current automobile intelligence. Tesla, NIO, Lixiang, Xiaopeng and other new car-making forces of their own brands are also equipped with these technologies and intelligent functions such as air suspension systems. With the further improvement of air suspension system technology and the improvement of car owners' recognition of the ultimate experience of air suspension products, more and more cars will be equipped with air suspension systems to improve product superiority and customer satisfaction in the future.

In addition to the passenger car, developed countries in the vast majority of medium-sized passenger cars and light commercial vehicles are used in the air suspension system, heavy truck in addition to the engineering car road transport vehicle almost all use air suspension in China in 2018 effective GB7258 motor vehicle operation safety technical conditions also require: "The rear axle of Dangerous goods transport trucks with a total mass greater than or equal to 12,000kg, all semi-trailers for transporting dangerous goods, as well as three-axle fence type, warehouse grid type Semi-trailers should be equipped with air suspension."

The air suspension system will gradually move from high-end to popular, and eventually become an indispensable part of cars, especially smart cars.

### ③ **Company industry position and business promotion**

AMK Germany, as a high-end supplier of air suspension system, is one of the top three leaders in the industry. Since entering the field of air suspension system business in the 1990s, it has continuously improved the product assembly technology, and has been deeply engaged in the industry for more than 20 years, supporting the world's top host manufacturers such as Jaguar, Land Rover, Volvo, Audi, Benz, BMW.

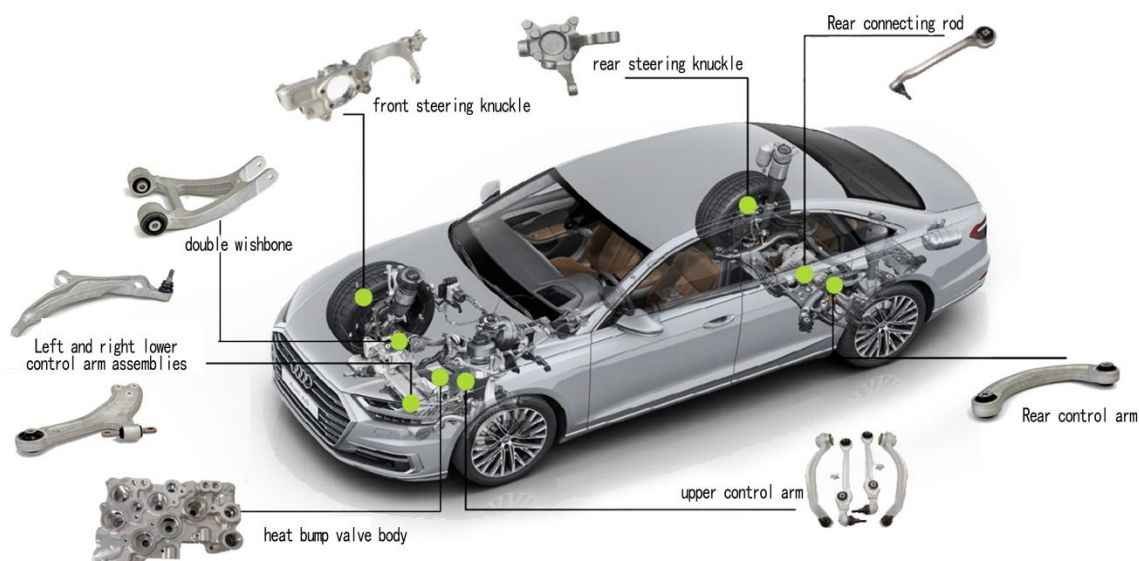
The domestic air suspension market is in its infancy, and AMK China has been accelerating the improvement of the performance and cost optimization of the air suspension system supply chain in the Chinese passenger car market. With the divestment of industrial business at the beginning of the year, AMK started its business lightly and developed steadily around the strategic goals of "localization promotion, technology iteration and upgrading, and industrial strengthening and completing". AMK China continues to promote the implementation of other self-produced hardware projects while launching air supply unit product assembly and production lines in succession to increase the proportion of self-produced hardware.

Business of AMK China has made breakthrough progress, and it has also obtained orders from many domestic new car manufacturing forces and leading enterprises of traditional independent brands. Up to now, AMK China has received orders with a total output value of 5.46 billion RMB, and it is expected to get more projects in the future, especially new energy vehicle projects.

## **(2) Intelligent Chassis System Business-Lightweight chassis system**

### ① **Introduction of Products**

Automotive metal parts are widely used in automotive chassis systems, including steering systems, suspension systems, braking systems and driving systems. The lightweight of automobiles has formed a broad consensus in the automobile manufacturing industry. The lightweight of the chassis plays a vital role in the performance of the whole vehicle. Lightweight chassis products such as aluminum alloy control arm assemblies have high bicycle value, it is a core parts of operational stability and comfortability.



## ② Future market potential

Due to the needs of environmental protection and energy saving, the lightweight of automobiles has become the trend of automobile development in the world. The lightweight of automobiles is not only suitable for traditional fuel vehicles, for new energy electric vehicles, it is also very important to reduce body weight and achieve vehicle lightweighting, because it is related to the main battery life of new energy vehicles. Experiments have shown that in terms of acceleration performance, it takes about 10 seconds for a 1.5-ton car to accelerate to a speed of 60 kilometers per hour; if the weight is reduced by 25%, it can be reduced to 8 seconds.

Lightweight the chassis, the benefits in terms of fuel consumption, handling, etc. far exceed the lightweight of other components at the same level. The mass of most components on the chassis is unsprung weight. Relatively speaking, the mass of the body (structural parts, reinforcements parts and coverings parts) is sprung weight. It is generally believed that the effect of the same magnitude of unsprung weight reduction is 5-15 times that of the sprung weight reduction. At the same time, lightening the unsprung weight increases the ratio of the sprung mass to the unsprung weight, which is equivalent to the athlete removing the sandbag tied to the legs, which can significantly improve the response speed and comfort of the car during acceleration, braking and steering.

## ③ Company industry position and business promotion

In recent years, the company has been vigorously developing chassis lightweight system assembly products, and the forged aluminum control arm assembly project has made breakthrough progress. At the same time, its subsidiary Sichuan Wangjin Company, whose core technology is the ball joint assembly product, is the core safety component and performance component of the chassis system. It has the world's leading technology and has a very high technical threshold.

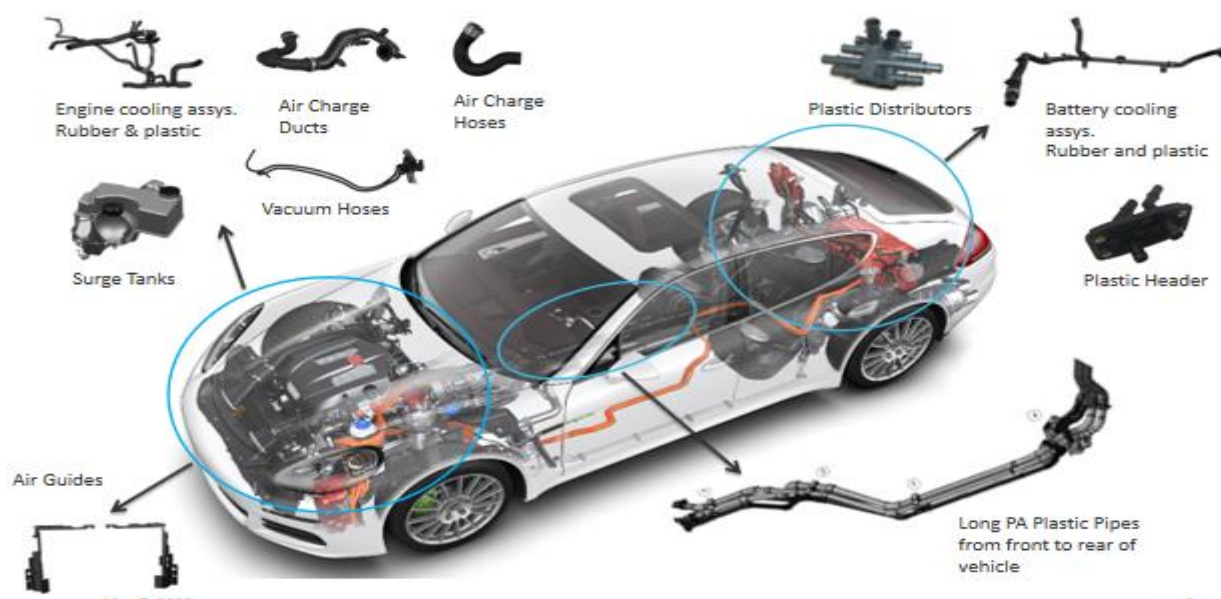
With the continuous advancement of the company's chassis lightweight system assembly business, it has obtained orders from many traditional OEMs such as Mercedes-Benz, Changan, GAC, BYD, etc. At the same time, it has made breakthroughs in the business of leading new energy enterprises and obtained relevant orders.

## (3) Fluid pipeline system

### ① Introduction of Products



German TFH, a subsidiary of the company, has been R&D and production of thermal management pipeline products. On the basis of supporting traditional thermal management pipelines, TFH vigorously promotes the thermal management pipeline system assembly business of new energy vehicles, and actively expands the application of new materials in products. TFH vigorously develops the application of nylon pipes and TPV materials. Compared with traditional internal combustion engine pipes, the application of new technologies can make products lighter in weight, lower in cost, and more flexible in assembly. In addition, it can maintain good NVH and flexibility. With its innovative and technologically swift updating capabilities, TFH is able to respond to changes in hybrid and fuel cell vehicles and is actively engaged in advanced development projects with several OEMs customers.



### ② Future market potential

As the temperature control requirement for battery modules of the new energy vehicle is much higher than those of traditional vehicles, and also because of the absorption of TFH pipeline assembly technology, the single vehicle value of the company fluid management products has increased from about RMB300 for traditional vehicles to nearly RMB1,000 for new energy vehicles and even about RMB1,500 for Range Extend New Energy vehicles. With the development of new energy vehicles, the market for fluid piping systems is also expanding rapidly.

### ③ The company's industry status and business promotion

The company has been promoting the R&D and production of thermal management rubber piping products for many years, and its subsidiary German TFH is just an excellent supplier of thermal management piping assembly products for engines and new energy vehicle batteries. TFH has the exclusive production technology creatube process with independent patent and the core technology of TPV hose and nylon tube, which ranks among the top two in the world in the industry segment. The company vigorously promotes the business of thermal management pipeline system assembly for new energy vehicles, and currently it has been supplied to BMW, Volvo, Audi, Volkswagen, Geely, Xiaopeng and LI and other new energy vehicle platforms.

TFH China has now completed the establishment and began to expand the domestic market. In the future, the development of cooling pipeline assembly business will be dominated by German TFH, and the development of new energy temperature control system assembly business will be dominated by Zhongding Fluid. The company's

previous projects have made great progress, and the number of orders in hand has shown a sustained rapid growth. In the future, it is expected to get more project designations, especially new energy vehicle projects.

#### **(4) Sealing System**

The company's subsidiaries, KACO GmbH + Co. KG in Germany, Cooper in the United States, and ACUSHNET in the United States, have the top three sealing technologies in the world. KACO actively promotes the portfolio for NEV on behalf of the companies under the sealing system, and has successfully developed and matched new energy motor seals of high-performance. At the same time, the company has developed the mass-produced products for new energy battery module sealing systems and electric axle assemblies now, which are delivered to NEV platforms of Volvo, NIO, SAIC, and GAC.

The automotive sealing industry is a high-tech barrier industry with extremely high requirements for reliability. Dynamic seal has the most difficult technology in the sealing industry, especially the high-speed oil seal for new energy vehicle motors, which represents the most advanced technical level in the global sealing industry. In recent years, the company has continued to increase the speed of business expansion, especially in the US brand car and local brand customers, which has made great breakthroughs, and the industry market share has steadily increased.