



**Bingshan Refrigeration & Heat Transfer
Technologies Co., Ltd.
2021 Annual Report**

April, 2022

Section 1 Important Notice, Table of Contents, and Definitions

The directors and the Board of Directors, the supervisors and the Supervisory Board, and Senior staff members of Bingshan Refrigeration & Heat Transfer Technologies Co., Ltd. (hereinafter referred to as the Company) hereby confirm that there are not any important omissions, fictitious statements or serious misleading carried in this report, and shall take all responsibilities, individual and/or joint, for the reality, accuracy and completeness of the whole contents.

Chairman of the Board of Directors of the Company Mr. Ji Zhijian, Financial Majordomo Mrs. Wang Jinxiu and the head of Accounting Department Mr. Li Sheng hereby confirm that the financial report of the annual report is true and complete.

All the directors have attended this Board meeting of the Company.

There is no significant risk having adverse influence on attainment of the Company's future development strategy and business targets. The paragraph " The prospect of the Company's future development " in Section 3 of this Annual Report describes major risks the Company may be confronted with, including the risk of Increasing market competition risk, the market promotion for new product and new technology slow, the Accounts receivable is on the high side and rising prices of raw materials. See the related sections for the countermeasures to be taken by the Company.

The profit distribution proposal reviewed and adopted at this Board meeting of the Company is: Based on the total capital stock of 843,212,507 shares, the dividend of RMB 0.1 in cash (including tax) will be distributed for every 10 shares; The Company will not transfer the capital reserve to increase capital stock.

This report is written respectively in Chinese and in English. In the event of any discrepancy between the two above-mentioned versions, the Chinese version shall prevail.

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Reference Documents

1. The accounting statements bearing the signatures and seals of the legal representative, the financial majordomo and the accountants in charge.
2. The original copies of all the Company's documents and the original copies of the bulletins published on the newspapers designated by the China Securities Regulatory Commission in the report period.
3. Time for reference: from Monday to Friday 8:00 - 11:30 (am) 1:00 - 4:30 (pm)
Liaison persons: Mr. Song Wenbao, Ms Du Yu

Tel: 0086-411-87968130

Fax: 0086-411-87968125

Definitions

Defined item	Stands for	Meaning
Reporting period	Stands for	From Jan. 1, 2021 to Dec. 31 2021
The Company, this Company	Stands for	Bingshan Refrigeration & Heat Transfer Technologies Co., Ltd.
Wuxin Refrigeration	Stands for	Wuhan New World Refrigeration Industry Co., Ltd., one of the subsidiaries of the Company where the Company holds 100% of its shares.
Bingshan Engineering Company	Stands for	Dalian Bingshan Group Engineering Co., Ltd., one of the subsidiaries of the Company where the Company holds 100% of its shares.
Bingshan Guardian	Stands for	Dalian Bingshan Guardian Automation Co., Ltd. one of the subsidiaries of the Company where the Company holds 100% of its shares.
Panasonic Compressor	Stands for	Panasonic Appliances Compressor (Dalian) Co., Ltd. one of the associated companies of the Company, where the Company holds 40% of its shares.
Panasonic Cold-Chain	Stands for	Panasonic Appliances Cold-Chain (Dalian) Co., Ltd. one of the associated companies of the Company, where the Company holds 40% of its shares.
Panasonic Refrigerating System	Stands for	Panasonic Appliances Refrigerating System (Dalian) Co., Ltd., one of the associated company of the Company, where the Company holds 20% of its shares
Fuji-Bingshan	Stands for	Dalian Fuji-Bingshan Vending Machine Co., Ltd., one of the associated companies of the Company, where the Company holds 49% of its shares.
Jingxue Insulation	Stands for	Jiangsu Jingxue Insulation Technology Co., Ltd., one of the associated companies of the Company, where the Company holds 21.91% of its shares.

Section 2 About the Company and Main Financial Indicators

I. Company information

Short form of the stock	Bingshan; Bingshan B
Stock code	000530; 200530
Listed stock exchange	Shenzhen Stock Exchange
Legal name in Chinese	冰山冷热科技股份有限公司
Legal name abbreviation in Chinese	冰山冷热
Legal English name	Bingshan Refrigeration & Heat Transfer Technologies Co., Ltd.
Legal English name abbreviation	Bingshan
Legal representative	Ji Zhijian
Registered address	No.106, Liaohe East Road, Dalian Economic and Technological Development Zone
Post code of Registered address	116630
Historical changes of the Company's registered address	Due to the overall relocation, the registered address of the Company was changed from 888 Southwest Road, Shahekou District, Dalian to 106 Liaohe East Road, Dalian Economic and Technological Development Zone in March 2017.
Office address	No.106, Liaohe East Road, Dalian Economic and Technological Development Zone
Post code of Office address	116630
Internet web site of the Company	www.bingshan.cn
E-mail of the Company	000530@bingshan.com

II. Contact persons and information

	Secretary of the Board of Directors	Authorized representative for securities affairs
Name	Song Wenbao	Du Yu
Address	Bingshan Securities & Legal Affairs No.106, Liaohe East Road, Dalian Economic and Technological Development Zone	Bingshan Securities & Legal Affairs No.106, Liaohe East Road, Dalian Economic and Technological Development Zone
Tel.	0411-87968130	0411-87968822
Fax	0411-87968125	0411-87968125
E-mail	000530@bingshan.com	000530@bingshan.com

III. Information disclosure and place of preparation for inquiry

Name of the newspaper designated by the Company for information disclosure	China Securities Daily, Securities Times and Hong Kong Commercial Daily
Address of the website designated by China Securities Regulatory Commission for publishing this Annual Report	http://www.cninfo.com.cn
Place where this Annual Report was prepared for inquiry	Securities & Legal Affairs Department of the Company

IV. Alteration to the registration

Organization code	912102002423613009
Change in main business since the Company was listed	No change
Changes in the holding shareholder	No change

V. Other related information

Accounting firm engaged by the Company

Name of accounting firm	ShineWing CPAs (Special General Partnership)
Office location of accounting firm	9/F,A Building No.,8 north street of Chao Yang Men, Dong Cheng District Beijing, China
Name of signing certified public accountant	Lin Li, Zhang Shizhuo

Sponsor the Company appointed for performance of the consistent supervision duty in the reporting period

Applicable Not applicable

Financial consultant the Company appointed for performance of the consistent supervision duty in the reporting period

Applicable Not applicable

VI. Main accounting data and financial indicators

Did the Company retroactively adjust or restate the accounting data of previous years due to change in the accounting policy and correction of accounting mistakes?

Applicable Not applicable

	2021	2020	Increase/decrease compared with previous year	2019
Operating revenue	2,089,208,256.22	1,727,267,935.15	20.95%	1,831,851,280.70
Net profit attributable to shareholders of listed companies	-269,059,849.96	21,341,133.39	-1,360.76%	89,112,113.43
Net profit belonging to the shareholders of listed companies after the deduction of non-recurring profit and loss	-355,049,953.56	6,128,351.99	-5,893.56%	21,406,535.65
Net cash flow from operating activities	1,518,218.37	-13,142,427.45	111.55%	12,695,071.81
Basic earnings per share	-0.319	0.025	-1,376.00%	0.106
Diluted earnings per share	-0.319	0.025	-1,376.00%	0.106
Weighted average return on net asset yield	-8.31%	0.64%	Decrease 8.95 percentage points	2.63%
	2021.12.31	2020.12.31	Increase/decrease compared with previous year	2019.12.31
Total assets	5,735,570,604.67	5,681,568,328.36	0.95%	5,525,503,256.26
Owner's equity attributable to shareholders of listed companies	3,002,842,837.47	3,375,609,788.07	-11.04%	3,379,565,029.89

The net profit attributable to the shareholders of the listed company suffered a significant loss, mainly due to the following reasons: 1. Affected by the sharp rise in the price of raw materials and the intensification of market competition, the gross profit margin decreased by 5.59 percentage points year-on-year; 2. Due to the increase of long-term accounts receivable, the Company's provision for credit impairment loss increased according to the Company's asset impairment provision policy; 3, in antithetical couplet enterprises, the joint venture has implemented new financial instruments standards since January 1, 2021, and the credit loss has been increased considerably. Meanwhile, the price of the raw materials has been greatly increased and the impact of COVID-19 on the new retail equipment leasing business has been greatly affected. The investment income of the joint venture has dropped by 149.93 million yuan.

The lower of the Company's net profit before and after deduction of non-recurring gains and losses in the most

recent three fiscal years are all negative, and the audit report in the last year shows that the Company's ability to continue operations is uncertain

Applicable Not applicable

The lower of the net profit before and after non-recurring gains and losses is negative

Applicable Not applicable

Item	2021	2020	notes
Operating income (yuan)	2,089,208,256.22	1,727,267,935.15	
Amount deducted from operating income (yuan)	62,109,983.70	59,331,578.30	Income from sales of materials, rental of fixed assets and labor services other than normal operation.
Amount after deduction of operating income (yuan)	2,027,098,272.52	1,667,936,356.85	

VII.1. Difference of accounting data between as per Chinese accounting standards and as per International Accounting Standards

Applicable Not applicable

2. Difference of accounting data between as per Chinese accounting standards and as per Foreign Accounting Standards

The difference of accounting data between as per Chinese Accounting Standards and as per International Accounting Standards was 0.

3. Explanation of reasons for differences in accounting data under domestic and foreign accounting standards

Applicable Not applicable

The difference of accounting data between as per Chinese Accounting Standards and as per International Accounting Standards was 0.

VIII. The quarter main financial indicators

	the first quarter	the second quarter	the third quarter	the fourth quarter
Operating revenue	491,609,773.09	602,675,847.88	657,628,182.17	337,294,453.08
Net profit attributable to shareholders of listed companies	-28,904,736.89	14,320,526.88	-26,965,424.33	-227,510,215.62
Net profit belonging to the shareholders of listed companies after the deduction of non-recurring profit and loss	-16,049,142.03	4,166,467.42	-39,026,942.89	-304,140,336.06
Net cash flow from operating activities	17,535,066.89	-46,422,903.17	33,753,508.29	-3,347,453.64

IX. Non-recurring profits and losses and their amounts

item	2021	2020	2019
Disposal gains and losses of non-current asset	27,724,344.91	-169,550.05	1,132,131.30
Government subsidies included in current profit or loss	15,993,001.31	17,952,461.57	3,707,100.00
Debt restructuring gains and losses	819,297.68		1,999,241.94
Disposal gains from investments on financial assets available for sale, and gains from fair value change of financial assets available for sale	55,245,024.14	4,362,148.57	72,282,942.52
Other non-operating revenue or expense	-5,129,941.48	-4,643,229.90	481,549.43
Others			554,176.99
Influence on income tax	8,490,868.44	1,995,261.63	12,122,009.11
Influence on minority shareholders	170,754.52	293,787.16	329,555.29
Total	85,990,103.60	15,212,781.40	67,705,577.78

Based on the changes in the controlling shareholders of Thermoking Container Temperature Control (Suzhou) Co.,

Ltd. ("Suzhou Thermoking "), as well as the trend of business growth and profit improvement, the Company adopted the price to book ratio method of comparable companies and considered the liquidity discount to measure the fair value of Suzhou Thermoking in 2021. The income from changes in fair value was 47,971,962.90 yuan.

Section 3 Management discussion and analysis

I. The industry situation of the Company during the reporting period

1. Industry development trend

In recent years, the influence of refrigeration and air conditioning industry in China's national economy is growing, conferring increasing influence upon consumption upgrade, food safety and livelihood improvement. Besides, development model under high-end, intelligent, green and service is experiencing rapid growth. The field of competition, competitors, products, connotation is constantly changing.

In 2021, the refrigeration and air-conditioning industry was facing a complex and severe market situation at home and abroad. The problems of intensified market competition, increased cost pressure, and difficulty in improving efficiency continued to plague the operation and development of the industry.

In 2022, the industry will continue to differentiate, competition will continue to intensify, difficulties and opportunities coexist. Actively respond to the national "double carbon" strategy, the transformation and upgrading of major enterprises in the industry will be further accelerated. Intelligent manufacturing, green manufacturing and service-oriented manufacturing will become increasingly prominent, and the pace of high-quality development will be more robust.

2. Challenges and opportunities faced by the Company

(1) Opportunities faced by the Company

Energy conservation, carbon reduction and improving energy efficiency have become the consensus of the whole society; Overall promotion of the national "double carbon" strategy; The carbon trading market was officially launched and gradually expanded; Regional energy system and comprehensive energy utilization are encouraged and supported by the state; The 14th five year plan for the development of cold chain logistics has been issued, and the market demand for cold chain equipment is expected to grow rapidly; With the promulgation of the new cold storage design standard, the use opportunities of ammonia refrigerant have increased.

With the strong technology bases, innovative business model, and system advantages, the Company is capable of capturing the above opportunities in a good position.

(2) Challenges faced by the Company

The production license system is cancelled, and the traditional market competition is intensified; the cultivation of energy conservation and emission reduction market still needs time; the transformation and upgrading process is complex, and there may be significant risk factors that have not been identified.

3. Development planning of the Company

The Company will focus on the refrigeration and heating industries under the operation policy of innovation and value creation, promote business integration with the parent company and subsidiaries as the core business, integrate internal and external resources, upgrade the industrial chain, innovate business model, strengthen technological innovation, improve and expand the business scale and development space, improve employees' benefits and realize sustained, healthy and harmonious development, thus to become an enterprise trusted and respected by customers, partners and the society.

4. Capital requirement and fund sourcing plan

In 2022, the capital expected to be required for the Company's production operation and capital operation will be financed by its own funds and appropriate financing.

II. The Company's Main business during the reporting period

Focusing on the hot and cold industry, the Company is committed to the development of industrial refrigeration and heating business, commercial refrigeration business, air conditioning and environment business, engineering and service business and new business fields, covering the key areas of the hot and cold industry chain and creating a complete hot and cold industry chain.

The Company's main products include piston and screw refrigeration compressors, pressure vessels, combined warehouses, controlled atmosphere storage, quick freezer, ice maker, flake ice maker, granulator, etc., which are used in national defense, scientific research, petroleum, chemical, textile, medicine, power generation, agriculture, animal husbandry, fishery and catering service industries. The Company's product sales and comprehensive solutions provide both domestic and international markets, with self-supporting sales as the main and channel sales as the auxiliary.

During the reporting period, rigid demands such as food safety, consumption upgrading, energy conservation and carbon reduction will benefit the refrigeration and air conditioning industry. At the same time, the refrigeration and air conditioning industry is also facing the problems of intensified market competition, increased cost pressure, and difficulty in improving efficiency. Facing the opportunities and challenges, focusing on the hot and cold industry, the Company strengthened and optimized the professional work department, continued to deeply cultivate the advantageous market segments such as cold chain logistics, petrochemical industry, beer and dairy products, meat slaughtering, ship refrigeration, ice and snow venues and polysilicon, vigorously expanded CCUS, ORC, photovoltaic and other new undertakings, and actively expanded and occupied the domestic market.

1. Industrial refrigeration and heating business

Industrial refrigeration is an important field reflecting the core technology of the Company. After years of development, the Company has been close to the technical level of the main international competitors in the field of industrial refrigeration, and has achieved catching up in some fields. Based on the traditional refrigeration, the Company realizes the balance of cold and heat through the utilization of heat, which greatly improves the energy utilization rate.

During the reporting period, the Company's "industrial and commercial open screw refrigeration unit and refrigeration system" was selected as the Sixth Batch of manufacturing single champion products of the Ministry of industry and information technology.

2. Commercial refrigeration business

Commercial refrigeration is the Company's core business. In China, the Company takes the lead in opening up the green intelligent cold chain from the first kilometer of the field to the last 100 meters of the residential community, which is the competitive advantage of the Company.

Focusing on food refrigeration, the Company has patented products pre-cooling from the field, all kinds of quick freezing equipment and refrigeration facilities of various specifications, and China's leading experience in the design and installation of large-scale ammonia and carbon dioxide refrigerators. On the basis of absorbing the relevant experience of Japan, Europe and the United States, combined with China's new needs, to provide newer products, better solutions and fresher experience for the field of food freezing and refrigeration.

3. Air conditioning and environment business

In recent years, relying on the complete industrial chain, the Company has continuously carried out transformation and upgrading in the field of air conditioning and environment, developed more energy-saving and environmental protection products around the blue sky project, and accelerated the transformation and upgrading from air treatment to environmental governance.

At present, the Company has developed a series of innovative products around the market segments of commercial air conditioning, central air conditioning and special air conditioning, and provides corresponding solutions in different segments around these innovative products. For hospitals, electronic factories, high-end real estate, rail transit and other fields, provide targeted solutions.

During the reporting period, in order to strengthen the special air conditioning business, the Company transferred 30% equity of Dalian Bingshan air conditioning equipment Co., Ltd. held by Showa Iron Industry Co., Ltd. After this equity transfer, the Company held 100% equity of Dalian Bingshan air conditioning equipment Co., Ltd.

4. Engineering and service business

Cold and hot engineering and service are the Company's advantageous business fields. In recent years, the Company has realized transformation and upgrading from the manufacturer of cold and hot equipment to the service provider of comprehensive solution of cold and hot through the development of engineering and service industry, and realized the dual wheel drive of the enterprise, and provided more professional and accurate services to each segment market, and constantly created new value for customers and realized common growth.

At present, the Company focuses on petrochemical technology, refrigeration, central air conditioning, ice and snow engineering, artificial environment and other market segments. Relying on the enterprise's industrial chain, value chain and ecosystem, the Company provides services from consulting, planning, design to manufacturing, installation, commissioning and service in the whole process and life cycle. At the same time, according to the needs of customers, promote the combination of industry and finance, and provide services for customers through the form of project general contracting and financial leasing.

5. New business

With the deepening of China's economic transformation and upgrading, as well as the continuous introduction of environmental governance policies, the domestic industrial energy conservation and environmental protection industry is growing rapidly, the level of energy conservation and consumption reduction of enterprises and the comprehensive utilization of resources is constantly improving, and the energy industrial structure has changed. Strengthening the optimal utilization of energy has become a development trend. For low-grade energy recycling, the Company provides customers with a series of energy-saving, environmental protection, efficient new products, in line with the national strategic requirements of energy conservation, carbon reduction and sustainable development, and contributes professional wisdom to the national carbon peak and carbon neutral strategy. During the reporting period, the Company made good progress in CCUS, ORC, photovoltaic and other new undertakings.

III. Analysis of core competence

The Company focuses on main business of refrigeration and heating; independent R&D and joint venture partnerships are cooperate with each other effectively; capital resources integration and business model innovation are in a positive interaction; the community of business and interest are being multi-storey created; the develop mode with Bingshan characteristic are formed.

The Company has the integrated refrigeration and heating industrial chain for offering kinds of comprehensive solution services, including design, manufacture, installation and maintenance etc., and can satisfy individual requirements preferably.

The Company possesses a mature and solid marketing networks and after-sale service network on/off-line, and can offer high quality and high value-added services more initiative and faster for clients from around the city.

After overall relocation reform, the new factory of intelligence, environment protection, high efficiency and safety are put into used, which produces a strong advantage for creating higher value to the customers.

While move forward with transformation and upgrading for former business, the Company will implement the cultivation for new kinetic energy, thus the sustainable healthy development will come more and more feasible.

During the reporting period, the Company adhered to innovation, took the initiative to change, solidly improved its technical power, marketing power, product power, engineering power and service power, and further improved its core competitiveness.

IV. Analysis of main business

1. summarize

In 2021, the Company further focused on refrigeration and heating industries, deeply cultivated market segments, focused on the improvement of main business and the cultivation of new drivers, continued to improve innovation, improved quality and efficiency, and solidly enhanced its core competitiveness.

In 2021, the Company achieved an operating revenue of 2,089.21 million yuan, a year-on-year increase of 20.95%; The net profit attributable to the shareholders of the listed company was -269.06 million yuan, resulting in a significant loss. The main reasons are as follows: first, affected by the sharp rise in the price of raw materials and the intensification of market competition, the Company's gross profit margin decreased by 5.59 percentage points year-on-year; Second, due to the increase of long-term accounts receivable, the Company's provision for credit impairment loss increased according to the Company's asset impairment provision policy; Three, in antithetical couplet enterprises, the joint venture's implementation of the new financial instruments standard since January 1, 2021, the increase in the credit loss increase and the unfavorable impact of COVID-19's impact on the new retail equipment leasing business, the investment income of the joint venture enterprises has dropped by about 149.93 million yuan.

During the reporting period, the Company adhered to integrity, innovation and initiative. The construction of

corporate culture has been carried out in a pragmatic manner, unified ideas, woven dreams, and many core technicians have returned. Strengthen the organization and vigorously promote the implementation of market-centered integrated operation through organizational restructuring and business process reengineering. The improvement of engineering power and manufacturing power were implemented in an orderly manner, the orders increased significantly year-on-year, and the operating cash flow improved significantly. The Company's "industrial and commercial open screw refrigeration unit and refrigeration system" was selected as the Sixth Batch of manufacturing single champion products of the Ministry of industry and information technology. The red water pre-cooling device of the Company was selected as the "innovative product of 2021 China Refrigeration Exhibition" and the "specialized and special new" product of Liaoning Province in 2021.

During the reporting period, Bingshan Engineering company, a subsidiary of the Company, optimized and strengthened the professional work department and specialized deep cultivation of advantageous market segments. Won the bid for the central kitchen project of Xinjiang production and Construction Corps (the contract amount is about 340 million yuan), which is the largest single project contract in the Company's history; Won the bid for the Shanghai Star indoor comprehensive ice and snow venue project (the contract amount is about 130 million yuan), which is the largest ice and snow integration contract in China at present; The market share of polysilicon jumped sharply, with a total contract amount of about 210 million yuan; CO₂ projects erupted intensively and their influence increased rapidly; The CCUS project was implemented for the second time, and the carbon neutralization solution was successfully expanded.

During the reporting period, Wuhan New World Refrigeration, a subsidiary of the Company, further implemented product and solution optimization in combination with the national strategy of "carbon peak and carbon neutralization". The commissioning and operation of the demonstration project of pressure energy recovery and comprehensive utilization of cold energy in Wuhan Sanjintan natural gas pipeline network was successful. The project with the largest installed power of single machine of ORC screw expansion generator set - silbon petrochemical waste heat power generation project was successfully undertaken. Marine screw expansion generator set was selected as "innovative products of 2021 China Refrigeration Exhibition".

During the reporting period, Bingshan Guardian, a subsidiary of the Company, focused on energy-saving control of cooling and heating system and strengthened technological innovation. Selected as the "specialized and new" small giant enterprise in Liaoning Province in 2021. Scc60 console was selected as the "specialized and special new" product of Liaoning Province in 2021. The research and application project of edge intelligent equipment for real-time monitoring of distributed large-scale refrigeration equipment based on 5G was selected as the first batch of science and technology research projects in Dalian in 2021.

2. Sales income and costs

(1) Sales income structure

	2021		2020		Year-on-year increase/decrease
	Amount	Proportion to the Sales costs	Amount	Proportion to the Sales costs	
Total sales income	2,089,208,256.22		1,727,267,935.15	100%	20.95%
By industry					
Refrigeration and air-conditioning equipment	2,031,958,305.49	97.26%	1,680,314,480.42	97.28%	20.93%
Others	57,249,950.73	2.74%	46,953,454.73	2.72%	21.93%
By product					

Industrial product	1,328,371,290.81	63.58%	1,347,335,824.84	78.00%	-1.41%
Installation works	652,866,257.62	31.25%	321,545,409.42	18.62%	103.04%
Others	107,970,707.79	5.17%	58,386,700.89	3.38%	343.63%
By region					
Domestic sales	1,994,087,984.59	95.45%	1,635,465,100.98	95.45%	21.93%
Foreign sales	95,120,271.63	4.55%	91,802,834.17	4.55%	3.61%
By sales model					
Total	2,089,208,256.22	100.00%	1,727,267,935.15	100.00%	20.95%

(2) Main business structure

	Operating revenue	Operating costs	Gross profit	Increase/decrease of operating revenues on a year-on-year basis	Increase/decrease of operating costs on a year-on-year basis	Increase/decrease of gross profit on a year-on-year basis
By industry						
Refrigeration and air-conditioning	2,031,958,305.49	1,808,263,206.67	11.01%	20.93%	29.03%	Decrease 5.59 percentage points
By product						
Industrial product	1,328,371,290.81	1,137,346,738.60	14.38%	-1.41%	3.37%	Decrease 3.96 percentage points
Installation works	652,866,257.62	632,692,690.26	3.09%	103.04%	116.08%	Decrease 5.85 percentage points
Others	50,720,757.06	38,223,777.81	24.64%	343.63%	358.60%	Decrease 2.46 percentage points
By region						
Domestic sales	1,936,838,033.86	1,729,446,885.07	10.71%	21.93%	0.30	Decrease 5.61 percentage
Foreign sales	95,120,271.63	78,816,321.60	17.14%	3.61%	0.10	Decrease 4.86 percentage
By sales model						
Total	2,031,958,305.49	1,808,263,206.67	11.01%	20.93%	29.03%	Decrease 5.59 percentage points

(3) Was the Company's sales income on material objects more than that on labor service?

Yes No

Industry category	Item	2021	2020	Year-on-year increase/decrease
Main refrigeration unit for industrial or commercial use	Sales volume	1,921	1,911	0.52%
	Production output	1,918	1,916	0.10%
	Inventory level	383	386	-0.78%

Reason for change in the related data by 30% or higher on a year-on-year basis

Applicable Not applicable

(4) Performance of major sales contracts and major procurement contracts signed by the company up to the reporting period

Applicable Not applicable

(5) Sales cost structure

Industry category	Item	2021		2020		Year-on-year increase/decrease
		Amount	Proportion to the operating costs	Amount	Proportion to the operating costs	
Refrigeration and air-conditioning	Direct materials	1,549,104,567.26	83.76%	1,190,876,714.73	83.13%	30.08%
	Labor wages	182,511,399.62	9.87%	136,954,335.52	9.56%	33.26%
	Depreciation	35,318,984.53	1.91%	41,327,601.39	2.88%	-14.54%
	Utilities	18,771,030.25	1.01%	16,693,515.58	1.17%	12.45%
	Others	63,825,290.62	3.45%	46,671,942.69	3.26%	36.75%
	Total operating costs	1,849,531,272.29	100.00%	1,432,524,109.91	100.00%	29.11%

(6) Was the Company's consolidated range change during the reporting period?

□ Applicable √ Not applicable

(7) Major change or adjustment in the Company's products or service in the reporting period

□ Applicable √ Not applicable

(8) Information on the Company's major customers and major suppliers

Information on the Company's major customers

Total sales volume from top five customers (yuan)	432,519,530.82
Proportion of the total sales volume from top five customers to the annual sales volume	20.70%
Proportion of the related party total sales volume from top five customers to the annual sales volume	8.72%

Information on the Company's top five customers

No.	Name of customer	Sales volume (yuan)	Proportion to the annual sales volume
1	Panasonic Cold-chain (Dalian) Co., Ltd.	127,490,433.60	6.10%
2	State Grid Integrated Energy Service Group Co., Ltd.	108,357,798.18	5.19%
3	Xinjiang Silk Road Tianshan International Food City Investment Co., Ltd.	88,318,144.83	4.23%
4	BAC Dalian Co., Ltd.	54,676,218.06	2.62%
5	Qingdao Fuji Farm Food Co., Ltd.	53,676,936.15	2.57%
Total	—	432,519,530.82	20.70%

Among the top five customers mentioned above, Panasonic cold chain (Dalian) Co., Ltd. and BAC Dalian Co., Ltd. are related to the Company.

Information on the Company's major suppliers

Total purchase volume from top five suppliers (yuan)	350,270,525.77
Proportion of the total purchase volume from top five suppliers to the annual purchases volume	17.36%
Proportion of the related party total purchase volume from top five suppliers to the annual purchases volume	2.19%

Information on the Company's top five suppliers

No.	Name of supplier	Purchase volume (yuan)	Proportion to the annual purchase volume
1	Shenyang Bao Gang Northeast Trade Co., Ltd.	159,141,244.93	7.89%
2	Longkou Longpeng Precision Copper Pipe Co. Ltd.	62,806,544.12	3.11%
3	Dalian Weijie Refrigeration and Air Conditioning Installation Co., Ltd.	49,618,076.99	2.46%
4	Dalian Big ICER Refrigeration Equipment Co., Ltd.	44,236,639.71	2.19%
5	Weilian Heat Transfer Technology (Shanghai) Co., Ltd.	34,468,020.02	1.71%
Total	—	350,270,525.77	17.36%

Among the top five suppliers mentioned above, Dalian Big ICER Refrigeration Equipment Co., Ltd. had an associated relationship with the Company during the reporting period.

3. Expenses

	2021	2020	Increase/decrease of gross profit on a year-on-year basis	Explain for major changes
Selling expenses	130,633,909.30	83,740,476.90	56.00%	Adjustment of personnel organizational structure and increase of performance appraisal salary of business personnel
Administrative	170,613,436.15	160,295,370.53	6.44%	

expenses				
Financial expenses	13,941,926.23	26,479,309.37	-47.35%	The decrease of bank borrowings leads to a corresponding decrease in interest costs; Decrease in exchange losses
R&D expenses	65,269,765.23	49,158,256.78	32.77%	With the increase of operating revenue, R & D expenses increase accordingly

4. R&D expenditure

During the reporting period, the Company focused on the deep enthalpy energy system solutions, focused on the key market segments in the wide temperature zone, and actively promoted the research and development, trial production and optimization of new products.

Information on R&D expenditure

	2021	2020	Increase/decrease on a year-on-year basis
The quantity of the person engaged in R&D	304	268	13.43%
The quantity proportion of the person engaged in R&D	17.53%	10.77%	6.76%
The spending amount on R&D (yuan)	65,269,765.23	57,382,896.29	13.74%
R&D spending accounts for the proportion of revenue	3.12%	3.32%	Decrease 0.20 percentage points
The amount of R&D investment capitalization (yuan)	0.00	0.00	0.00%
Capitalize R&D investment for the proportion of R&D spending	0.00%	0.00%	0.00%

Reasons for the remarkable change in R&D spending accounts for the proportion of revenue compared with the previous year

Applicable Not applicable

Reasons for the substantial changes in the capitalization rate of R&D investment and its rationality

Applicable Not applicable

5. Cash flows

Item	2021	2020	Year-on-year increase/decrease
Sub-total of cash inflows from operating activities	2,084,554,545.45	1,639,373,926.67	27.16%
Sub-total of cash outflows from operating activities	2,083,036,327.08	1,652,516,354.12	26.05%
Net amount of cash flow generated in operating activities	1,518,218.37	-13,142,427.45	111.55%
Sub-total of cash inflows from investing activities	324,356,502.38	184,194,481.36	76.09%
Sub-total of cash outflows from investing activities	76,095,331.84	14,869,095.73	411.77%
Net amount of cash flow generated in investing activities	248,261,170.54	169,325,385.63	46.62%
Sub-total of cash inflows from financing activities	347,516,847.94	390,021,419.37	-10.90%
Sub-total of cash outflows from financing activities	473,406,304.78	531,151,803.02	-10.87%
Net amount of cash flow generated in financing activities	-125,889,456.84	-141,130,383.65	10.80%
Net increase in cash and cash equivalents	123,990,877.38	13,451,105.93	821.79%

Reason for change in the related data by 30% or higher on a year-on-year basis

Applicable Not applicable

1. Net cash flow arising from operation activities have a significant increase on a y-o-y basis, mainly due to the increase in cash received from the sale of goods and the provision of labor services.

2. Net cash flow arising from investing activities have a significant increase on a y-o-y basis, mainly because the Company received the price of equity transfer of Panasonic Refrigeration (Dalian) Co., Ltd. during the reporting period.

Reason for remarkable difference between the cash flows from the Company's operating activities in the reporting period and the net annual profit.

√ Applicable □ Not applicable

There was a remarkable difference between the net amount of cash flow generated in operating activities of the Company and the net annual profit in the reporting period, mainly due to that the proportion of returns on investment to the total profit of the Company was higher.

V. Analysis of the non-main business

During the reporting period, Panasonic compressor, an associate of the Company, grew steadily with variable strain. Market development has been steadily promoted, and the market share of leading products has increased for two consecutive years. The research and development of 25HP high horsepower scroll compressor has been completed and mass production has been realized; CO₂ rotor compressor has been successfully applied to the new generation of hydrogen fuel hybrid locomotive of CRRC; CO₂ compressor officially landed in the European vending machine market.

During the reporting period, Panasonic cold chain, an associate of the Company, continued to cultivate advantageous markets. The cooperation between Master Kang, Yuanqi forest and other beverage manufacturers was further expanded, and the beverage freezer market received large orders again. Actively respond to the personalized needs of key customers such as meituan optimization and miyue ice city, and the commercial cabinet business has achieved good growth. 45 mainstream best-selling products won the "leader" certificate of enterprise standard in 2021.

During the reporting period, the Company's associated company, Panasonic Refrigerator System further improved its engineering and manufacturing capabilities. It won the bid for four large-scale vaccine cold storage projects, including Beijing Yizhuang pharmaceutical cold storage project and Sinopharm China biological Wuhan Xinguan vaccine storage project. Luoyang Dazhang Food Industrial Park, the largest EPC project till now, lasted nearly two years, has been successfully accepted. The newly developed 40HP high horsepower semi closed piston compressor was officially launched.

During the reporting period, Fuji Bingshan, an associate of the Company, continued to promote the strengthening of leading products and the optimization of marketing mode. Focus on beverage machines, coffee machines, integrated machines and other leading products, expand the development of brand marketing, and promote special marketing.

During the reporting period, Jingxue Energy Saving, an associated company of the Company, successfully obtained the approval of China Securities Regulatory Commission for registration and was listed on the growth enterprise market of Shenzhen Stock Exchange on June 18, 2021. The future development will be assisted by the capital market.

VI. Analysis of assets & liabilities

1. Remarkable change in assets

Monetary unit: RMB yuan

	2021.12.31		2020.12.31		Proportion increase/decrease	Explain for major changes
	Amount	Proportion to the total assets	Amount	Proportion to the total assets		
Monetary funds	522,658,505.79	9.11%	373,445,731.67	6.57%	2.54%	Mainly because the Company received the equity transfer price of Panasonic Refrigeration
Accounts receivable	821,548,678.85	14.32%	817,011,955.75	14.38%	-0.06%	
Contract assets	109,859,658.79	1.92%	91,430,011.60	1.61%	0.31%	
Inventories	1,014,527,127.82	17.69%	731,658,797.98	12.88%	4.81%	mainly because the company's unfinished

						construction projects increased in the current period, according to the requirements of the new income standards, income cannot be recognized income.
Investment property	120,752,809.61	2.11%	126,288,477.92	2.22%	-0.11%	
Long-term equity investment	1,231,504,533.45	21.47%	1,597,241,363.62	28.11%	-6.64%	mainly due to the transfer of 40% equity of Panasonic refrigeration held by the company and the decline of the company's investment income in associated enterprises
Fixed assets	855,395,405.85	14.91%	866,198,856.04	15.25%	-0.34%	
Construction in progress	38,974,478.45	0.68%	34,254,599.42	0.60%	0.08%	
Short-term loans	23,934,703.37	0.42%	27,449,505.03	0.48%	-0.06%	
Contract liabilities	245,937,091.72	4.29%	282,971,600.00	4.98%	-0.69%	Orders increased, and advances from customers increased
Long-term loans	499,719,963.40	8.71%	295,100,657.10	5.19%	3.52%	
Lease liabilities	150,000,000.00	2.62%	160,000,000.00	2.82%	-0.20%	
	5,394,021.14	0.09%	13,818,476.46	0.24%	-0.15%	

2. Assets & liabilities which are measured by fair value

Applicable Not applicable

Other non-current financial asset measured in fair value is 239,304,098.83 yuan at the year beginning, and 261,410,664.61 yuan at the year end, with a selling amount of 30,292,000.00yuan.

3. Restrictions on asset rights as of the end of the reporting period

By the end of reporting period, the Company's asset rights was limited, including monetary funds 83,689,167.92 yuan, the reason for the limitation is the deposit and the bank account were frozen; notes receivable 6,420,000.00 yuan, the reason for the limitation is bank pledge.

VII. Analysis of investments

1.The overall situation

Applicable Not applicable

Investment in 2021(yuan)	Investment in 2020(yuan)	Amount of variation
1,231,504,533.45	1,597,241,363.62	-18.38%

2.The significant equity investment during the reporting period

Applicable Not applicable

3 The significant non-equity investment during the reporting period

Applicable Not applicable

4.The financial asset investment

(1) The securities investment

Applicable Not applicable

Stock code	Stock abbreviation	Initial investment cost	Accounting measurement model	Book value at the beginning	Changes in the profit and loss of the fair value in this period	Accumulative change of fair value credited to equity	Current sale amount	Report period profit and loss	Book value in the ending	Accounting subjects	Source of funds
601211	Guotai Jun'an	11,210,008.00	fair value measurement	196,511,440.24	4,426,602.88	4,426,602.88	32,812,417.98	11,656,207.36	200,547,043.12	Other Non-current financial assets	Own funds
total		11,210,008.00	--	196,511,440.24	4,426,602.88	4,426,602.88	32,812,417.98	11,656,207.36	200,547,043.12		--

Until 31 December, 2021, the Company held 11,210,008 numbers of shares of Guotai Jun'an Securities Co., Ltd. , including 1,710,000 shares under refinancing and lending. The Company sold 1,700,000 numbers of shares of Guotai Jun'an, and received cash dividend RMB 7,229,604.48 Yuan during the reporting period.

(2) Derivative investment

Applicable Not applicable

During the reporting period, the Company does not exist derivative investment.

5. The use of funds raised

Applicable Not applicable

VIII. The material assets and equity sale

1. The material assets sale

Applicable Not applicable

2. The material equity sale

Applicable Not applicable

Counterparty	Sold equity	Sale date	Transaction price (ten thousand yuan)	The net profit contributed by the equity to the listed company from the beginning of the current period to the date of sale (ten thousand yuan)	The impact of the sale on the Company	The percentage of the net profit contributed by the equity sale to the total net profit of the listed company	Principles of Equity Sale Pricing	Related transaction or not	Relationship with the counterparty	The equity involved has all been transferred or not	Implemented as planned or not	Disclosure date	Disclosure Index
Panasonic Corporation of China	The Company holds 40 percent equity of Panasonic Refrigeration (Dalian) Co., Ltd.	December 13, 2021	17,493.52	-1,499	This equity transfer will help the Company to properly revitalize long-term equity investment, optimize the asset structure and help improve the main business. The equity transfer received funds, the Company will be used to supplement working capital or repay bank loans, reduce financial costs.	10.28%	According to the asset-based method to determine the transfer price of the underlying equity.	Yes	Among the directors and supervisors of Bingshan Group, the controlling shareholder of the company, Panasonic China directors serve as part of the directors and supervisors. Panasonic China is the affiliated legal person of the company.	Yes	Yes	November 27, 2021 December 13, 2021	http://www.cninfo.com.cn/

IX. Analysis of major subsidiary companies and mutual shareholding companies

√ Applicable □ Not applicable

Unit: ten thousand yuan (except for registered capital)

Company name	Type	The main business	registered capital	total assets	net assets	Operating income	Net profit
Fuji Bingshan	mutual shareholding company	Vending machine development, manufacturing, sales, installation, maintenance and related consulting and after-sales service	JPY 4,000 million	75,381	37,567	23,978	28
Panasonic Cold-Chain	mutual shareholding company	Commercial Refrigeration Equipment, Refrigeration Storage, Stainless Steel Kitchen Equipment and Electrical Appliances	JPY 4,650 million	187,260	21,472	151,325	-28,215
Panasonic Compressor	mutual shareholding company	Scroll Compressor	JPY 6,200 million	158,506	115,685	111,704	8,370
Jingxue Insulation	mutual shareholding company	New building energy-saving board, refrigerated storage door	RMB 101,000 thousand	152,402	78,402	91,402	6,710
Bingshan Metal	mutual shareholding company	High-grade building hardware, plumbing equipment	USD 18,064.5 thousand	36,998	30,413	46,791	4,849

Subsidiary companies obtained or disposed in the reporting period

Applicable Not applicable

X. The structured corporate bodies which the Company controlled

Applicable Not applicable

XI. Development prospect of the Company

Major risks faced and countermeasures adopted by the Company

(1) Increasing market competition risk

Countermeasures: focus on the hot and cold industry, deeply cultivate the advantage market segmentation; rapidly improve the engineering and manufacturing power; orderly improve the level of intelligent manufacturing and service-oriented manufacturing; speed up the transformation and upgrading of inherent undertakings; accelerate the implementation of new kinetic energy cultivation; continue to build Bingshan enterprise and interest community.

(2) Risk of slow marketing of new products and technologies

Countermeasures: create differentiated competitiveness of new products and technologies; strengthen the technology marketing and service marketing, and cultivate the market segmentation professionally; appropriate use of financial leasing, contract energy management and other innovative models.

(3) Risk of high level of trade receivables

Countermeasures: strictly implement the project management system and further strengthen the management of accounts receivable; enhance quality of contract through intensified customer credit assessment and contract appraisal; effective control of increase in trade receivables by reduction of guarantee deposits, and taking bank credit instruments as guarantee deposits; improve contract execution through stricter review on goods delivery, intensified control on project construction and acceptance, and post-sale service; prepare special composition solutions and incentive policy to accelerate settlement of trade receivables with relatively long aging.

(4) Risk of rising raw material prices

Countermeasures: the Company will actively respond to cost pressure by reducing material rates, centralized procurement, expanding sales, adjusting selling prices, reducing expenses and other measures.

In 2022, the Company will focus on the refrigeration and heating industry, continue to cultivate the advantageous market segments such as cold chain logistics, petrochemical industry, beer and dairy products, meat slaughtering, ship refrigeration, ice and snow venues and polysilicon, vigorously expand new businesses such as CCUS, ORC and photovoltaic, solidly improve the five core competitiveness of marketing, technology, products, engineering and services, and accelerate the improvement of its main business.

In 2022, the main business strategies are as follows:

(1) Marketing strengthening. Aiming at the product business, stabilize the traditional field, improve the market share, and continue to lead the polysilicon segment market. For the engineering business, improve the order quality of complete sets of projects and improve the self product ratio of engineering projects. For the energy industry, take the carbon neutralization solution as the main development path to expand the markets of CCUS, natural gas liquefaction, new energy and so on.

(2) Technology enhancement. With green refrigerant and zero carbon as the center and market segmentation application as the goal, improve technology, implement application and help sales. Promote the standardization of standard spectrum and sub modularization, and realize the standardization, serialization and modularization of products.

(3) Improvement of engineering power. Strengthen project management, fully implement the project budget, control the whole process of operation, ensure profits and prevent risks. Optimize the work flow and promote the standardization of safe and civilized construction and construction management. Refine the performance appraisal to ensure the project duration and acceptance.

(4) Improvement of manufacturing power. By integrating engineering procurement and product procurement business, optimize supply chain management and improve production assurance rate and sales satisfaction rate. By improving the refining process, adding intelligent equipment and tools, and adding batch production lines, ensure product quality and improve production capacity and production efficiency. Reduce the market defect rate through measures such as quality team optimization, supplier management and control strengthening and process management and control refinement.

The above-mentioned business plan does not represent the earnings forecast of listed companies for the year of 2022. Whether it can be achieved depends on the changes of market conditions and the efforts of management teams and other factors. There are great uncertainties. Investors should pay special attention to it.

XII. Record of investigation, communication, and other activities in the reporting period

Applicable Not applicable

Section 4 Corporate governance

I. Basic situation of corporate governance

Within the reporting period, the Company centered around the operation subject as “Leading innovation, Creating value” with the theme “integrity, innovation and return of the king”, relying on the opportunity of overall relocation and transformation of the Company, to further deepen and perfect the normative internal control system and upgrade the governing level of the Company continuously.

There were no problems with the Company concerning horizontal competition caused by restructures and other reasons. The main normal associated transactions between the Company and the associated companies included purchasing the supporting products for package projects from the associated companies, and selling the supporting parts and components to the associated companies and providing them with the labor service. Associated transactions between the Company and the associated companies are necessary for normal production and operation and helpful for the Company’s healthy development, and therefore will continue. The Company will strictly follow the related decision-making procedures and fulfill the obligation in information disclosure in order to further regulate associated transactions.

Was there any deviation of the Company's corporate governance from the requirements in the Company Law and China Securities Regulatory Commission's regulations?

Yes No

There was no deviation of the Company's corporate governance from the requirements in the Company Law and China Securities Regulatory Commission's regulations.

II. Status of the Company's business, staff, asset, organization and finance separations from the holding shareholder

The Company was separated from the holding shareholder in business, staff, asset, organization and finance, and has the independent and complete business and operation capability.

III. Horizontal competitions

Applicable Not applicable

IV Shareholders’ general meeting convened in the reporting period

1. Annual Shareholders’ general meeting within this reporting period

Session number of meeting	The type of the meeting	The proportion of participate investors	date	Disclosing date	Disclosing index
2020 Annual Shareholders’ General Meeting	Annual Shareholders’ general meeting	29.38%	May 14, 2021	May 15, 2021	http://www.cninfo.com.cn
The 1 st Extraordinary Shareholders’ General Meeting of 2021	Extraordinary Shareholders’ General Meeting	21.13%	Dec.13, 2021	Dec.14, 2021	http://www.cninfo.com.cn

V. Information on the Company’s Directors, Supervisors, Senior Management and Staff

1. basic information

Name	Position	Office-holding state	Sex	Age	Starting date of office term	Ending date of office term	Shares held at beginning of period (shares)	Increase on holding of shares in this period (shares)	Decrease in holding of shares in this period (share)	Shares held at the end of period (shares)
Ji Zhijian	Chairman	Incumbent	M	54	Mar. 27, 2014	Jan.11, 2025	1,528,830	0	0	1,528,830
Fan Wen	Director	Incumbent	M	57	Jan.12,	Jan.11,	7,770	0	0	0

					2022	2025				
Yin Xide	Vice Chairman/ General manager	Incumbent	M	50	Jan.12, 2022	Jan.11, 2025	90,080	0	0	0
Song Wenbao	Director/ Board secretary	Incumbent	M	48	Jan.12, 2022	Jan.11, 2025	593,880	0	0	593,880
Dono Shigeru	Director	Incumbent	M	60	Jan.12, 2022	Jan.11, 2025	0	0	0	0
Nishimoto Shigeyuki	Director	Incumbent	M	55	Jun.5,2019	Jan.11, 2025	0	0	0	0
Zhai Yunling	Independent director	Incumbent	M	58	May.14,20 21	Jan.11, 2025	0	0	0	0
Liu Yuanyuan	Independent director	Incumbent	F	47	May.14,20 21	Jan.11, 2025	0	0	0	0
Yao Hong	Independent director	Incumbent	F	48	May.14,20 21	Jan.11, 2025	0	0	0	0
Hu Xitang	Chairman of the board of Supervisors	Incumbent	M	54	Jan. 17, 2019	Jan.11, 2025	0	0	0	0
Dai Yuling	Supervisor	Incumbent	F	44	Jan. 21, 2016	Jan.11, 2025	0	0	0	0
Li Sheng	Supervisor	Incumbent	M	42	May.15, 2020	Jan.11, 2025	0	0	0	0
Wang Jinxiu	Chief Financial Officer	Incumbent	F	51	May.14, 2021	Jan.11, 2025	5,000	0	0	5,000
Yang Fuhua	Deputy general manager	Incumbent	M	50	Jan.12,202 2	Jan.11, 2025	0	0	0	0
Lu Jun	Deputy general manager	Incumbent	M	56	Jan.12,202 2	Jan.11, 2025	2,500	0	0	2,500
Xu Junrao	Director	Leaving	F	59	Mar. 27, 2014	Jan.12, 2022	995,349	0	0	995,349
Fan Yuekun	Director DGM	Leaving	M	58	Otc.20, 2015	Mar.26, 2021	210,000	0	0	210,000
Dai Dashuang	Independent director	Incumbent	F	71	Feb.12, 2015	May.14, 2021	0	0	0	0
Liu Jiwei	Independent director	Incumbent	M	61	Feb.12, 2015	May.14, 2021	0	0	0	0
Wang Yan	Independent director	Incumbent	F	58	May.20 2015	May.14, 2021	0	0	0	0
Ma Yun	Chief Financial Officer	Incumbent	M	50	Jan. 21, 2016	May.6 2022	35,000	0	0	35,000
Total							3,993,409	0	0	3,993,409

During the reporting period, whether any directors or supervisors leave office or senior managers are dismissed

✓ Applicable Not applicable

During the reporting period, Fan Yuekun, director and deputy general manager of the Company, resigned due to

job changes and no longer held any positions in the Company after his resignation.

During the reporting period, Ma Yun, chief financial officer of the Company, resigned due to job changes and no longer held any positions in the Company after his resignation.

Changes of directors, supervisors, senior managers of the Company

Name	Position held	Type	Date	Reason
Ding Jie	Vice Chairman	Leave office after the end of term	Jan 12,2022	After the general election, Mr. Ding Jie no longer served as vice chairman of the Company
Xu Junrao	Director	Leave office after the end of term	Jan 12,2022	After the general election, Mrs. Xu Junrao no longer served as director of the Company
Fan Yuekun	Director; DGM	Leaving office	March 26, 2021	Resign from the Company due to job changes
Dai Dashuang	Independent director	Leave office after the end of term	May 14, 2021	Leave office after the end of term
Liu Jiwei	Independent director	Leave office after the end of term	May 14, 2021	Leave office after the end of term
Wang Yan	Independent director	Leave office after the end of term	May 14, 2021	Leave office after the end of term
Ding Jie	GM	Termination of employment	Jan 1,2021	Termination of employment due to job changes
Ma Yun	Chief Financial Officer	Leaving office	May 6, 2021	Resign from the Company due to job changes
Yin Xide	Director	be elected	May 14, 2021	By-election of director at general meeting of shareholders
Zhai Yunling	Independent director	be elected	May 14, 2021	By-election of director at general meeting of shareholders
Liu Yuanyuan	Independent director	be elected	May 14, 2021	By-election of director at general meeting of shareholders
Yao Hong	Independent director	be elected	May 14, 2021	By-election of director at general meeting of shareholders
Yin Xide	GM	Appointed	Jan 1,2021	Appointed by the Board of Directors
Wang Jinxiu	Chief Financial Officer	Appointed	May 14, 2021	Appointed by the Board of Directors

2. Office holding

Professional background, main work experiences and the main duties and responsibilities of incumbent directors, supervisors, senior managers of the Company

Name	Position held	Professional background	Main work experience	main duties and responsibilities
Ji Zhijian	Chairman	doctorate degree in management of the Dalian University of Technology	Successively acting as GM, Chairman of Panasonic Cold-Chain.; Chairman and President of Dalian Bingshan Group Co., Ltd.; Chairman of the Company.	Related responsibilities of the Chairman
Yin Xide	Vice Chairman and GM	Graduated from Dalian University of	served as sales director, copy director and General manager of low-temperature logistics Equipment Division of Panasonic Cold	Related responsibilities of

		Technology, majoring in thermal engineering	Chain (Dalian) Co., LTD.; the General Manager of Panasonic Appliances Refrigerating System (Dalian) Co., Ltd .	the Director
Fan Wen	Director	Graduate degree	served as vice Minister of Import and Export Department and Minister of Import and Export Department of the Company; Assistant general Manager and Vice President of Dalian Bingshan Group Co., LTD.; Director of Jiangsu JingXue Insulation Technology Co.,Ltd.	Related responsibilities of the Director
Song Wenbao	Director and Board Secretary	graduate from Zhejiang University, CFA	Successively acting as representative for securities affairs, board secretary of the Company.	Related responsibilities of Board Secretary
Dono Shigeru	Director	Graduated from Kyoto University in Japan.	served as technical director of beauty & Life Department, business director and planning director of Kitchen Appliances Division, food distribution business director, Kitchen space business director, HA business director and vice president of Panasonic Corporation; Executive attendant of Panasonic Corporation. Currently, he is the head of household appliances division, head of household appliances, and president of China & Northeast Asia Co., LTD;; the supervisor of Dalian Bingshan Group Co., LTD.	Related responsibilities of the Director
Nishimoto Shigeyuki	Director	graduated from Meiji university	served as the director of Financial Planning Room and Finance Department System Overall Room of Panasonic Corporation Headquarter; the director of Regional Financial Integration Room, CFO of Panasonic Corporation China & Northeast Asia Company; the supervisor of Dalian Bingshan Group Co., LTD.	Related responsibilities of the Director
Zhai Yunling	Independent director	Doctor of Law, professor, lawyer	Professor of Law School of Dalian Maritime University, lawyer of Beijing Jincheng Tongda (Dalian) Law Firm, legal adviser of Dalian Municipal People's Government, member/arbitrator of Dalian Arbitration Commission	Related responsibilities of the Independent director
Liu Yuanyuan	Independent director	Doctor of Accounting	Professor of Accounting School of Dongbei University of Finance and Economics, Director of Sino-German Management Control Research Center, independent director of China Railway Tielong Container Logistics Co., LTD.;; independent director of Bank of Dalian Co., LTD.; independent director of Kincai (Liaoning) Life Science and Technology Co., LTD.	Related responsibilities of the Independent director
Yao Hong	Independent director	graduate from China University of Political Science and Law, professor of law	Doctor of Management, School of Economics and Management, Dalian University of Technology, Independent director of Shanghai Binku Network Technology Co., LTD., Independent director of Hualu Zhida Technology Co., LTD., independent director of Harbin Hattou Investment Co., LTD.	Related responsibilities of the Independent director
Hu Xitang	Chairman of Board of Supervisors	graduated from Nanjing University of Science and Technology	served as the chairman of the labor union of the Company.	Related responsibilities of the Supervisor
Dai Yuling	Supervisor	Senior Accountant	acting as the chief of the Financial Dept. of Dalian Bingshan Group Company Ltd.	Related responsibilities of the Supervisor

Li Sheng	Supervisor	graduated from Dalian University of Technology	acting as the Director of Operation Management Department of Dalian Bingshan Group Company Ltd; chief of the Financial Dept. of the Company.	Related responsibilities of the Supervisor
Yang Fuhua	DGM	graduated from Xi 'an Jiaotong University, Senior Engineer	served as engineer, deputy director and director of complete set design Department of the Company; served as deputy General Manager of Dalian Bingshan Group Engineering Co., LTD; served as chief engineer of the Company's business Headquarters and deputy Head of the Research and development Headquarters.	Related responsibilities of DGM
Lu Jun	DGM	graduated from Jilin University of Technology, Graduate degree, Senior Engineer.	served as designer and vice minister of the Company; general Manager of Dalian Bingshan Air-conditioning Equipment Co., Ltd; the Deputy General Manager of Dalian Bingshan Group Engineering Co., LTD. ; the assistant to the general Manager and head of the Operation and Management Department of the Company.	Related responsibilities of DGM
Wang Jinxiu	CFO	Senior accountant	served as cost accountant in finance Department of the Company and Minister of Finance Department of DalianBingshan Air Conditioning Equipment Co., LTD.; served as the Director of the Financial Management Department of the Company. served as Chief Financial Officer since May 2021.	Related responsibilities of CFO

Office holding in shareholder unit

√ Applicable □ Not applicable

Name of office holder	Shareholder unit name	Position held in shareholder unit	If receiving remuneration or allowance from shareholder unit
Ji Zhijian	Dalian Bingshan Group Co., Ltd.	Chairman of the Board, President	Yes
Fan Wen	Dalian Bingshan Group Co., Ltd.	Vice President	Yes

Office holding in other units

√ Applicable □ Not applicable

name	unit name	Position held in other unit	If receiving remuneration or allowance from other unit
Ji Zhijian	Dalian Zhong Huida Refrigeration Technology Co., Ltd.	Chairman	No
Fan Wen	Wuhan New World Refrigeration Industrial Co., Ltd.	Chairman	No
	MHI Bingshan Refrigeration (Dalian) Co., Ltd.	Chairman	No
	Dalian Niweisi LengNuan Technology Co., Ltd	Chairman	No
	Dalian Bingshan Lingshe Quick Freezing Equipment Co., Ltd	Chairman	No
	Dalian Bingshan Air-Conditioning Equipment Co., Ltd	Chairman	No
Yin Xide	Dalian Bingshan Group Construction Co., Ltd	Chairman	No
Liu Yuanyuan	China Railway Tielong Container Logistics Co., LTD.	Independent director	Yes
	Bank of Dalian Co., LTD.	Independent director	Yes
	Kincai (Liaoning) Life Science and Technology Co., LTD.	Independent director	Yes
Yao Hong	Shanghai Binku Network Technology Co., LTD.	Independent director	Yes

	Hualu Zhida Technology Co., LTD.	Independent director	Yes
	Harbin Hattou Investment Co., LTD.	Independent director	Yes

3. Remuneration paid to directors, supervisors, and senior management

Decision-making procedure, decision-making basis and actual payment of remuneration for directors, supervisors and senior management

Decision-making procedure: the Company's remuneration plan for directors and supervisors was proposed by the Company's Remuneration and Evaluation Committee of the Board of Directors, and after approval by the Board of Directors, submitted to the general meeting for adoption and put into effect. The Company's remuneration plan for senior management was put into effect after approval by the Company's Board of Directors.

Decision-making basis: it was decided on the basis of main responsibilities and importance of the concerned position and the remuneration level of similar positions in other similar enterprises and evaluated and rewarded through the Company's examination procedure for assets operation performance.

The total amount of remunerations actually (pre-tax) paid by the Company to directors, supervisors, and senior management was 371.15 thousand yuan.

Particulars about the annual remuneration of directors, supervisors and senior staff members

Name	Annual remuneration and allowance(pre-tax)paid by the Company (ten thousand yuan)
Ji Zhijian	0
Xu Junrao	0
Ding Jie	0
Yin Xide	96.27
Yokoo Sadaaki	0
Nishimoto Shigeyuki	0
Zhai Yunling	8
Liu Yuanyuan	8
Yao Hong	8
Hu Xitang	77.49
Dai Yuling	0
Li Sheng	28.95
Wang Jinxiu	42.44
Song Wenbao	57.76
Fan Yuekun	18.41
Ma Yun	25.83
Total	371.15

VI. Performance of directors' duties during the reporting period

1.The situation of the board of Directors during this reporting period

The meeting time	Date of meeting	Date of disclosure	The meeting resolution
15 th Meeting of 8 th Session of the Board	March 19, 2021	March 20, 2021	http://www.cninfo.com.cn
16 th Meeting of 8 th Session of the Board	April 22,2021	April 24,2021	http://www.cninfo.com.cn
17 th Meeting of 8 th Session of the Board	May 14,2021	May 15,2021	http://www.cninfo.com.cn

18 th Meeting of 8 th Session of the Board	August 24,2021	August 25,2021	http://www.cninfo.com.cn
19 th Meeting of 8 th Session of the Board	September 29,2021	September 30,2021	http://www.cninfo.com.cn
20 th Meeting of 8 th Session of the Board	October 27,2021	October 28,2021	http://www.cninfo.com.cn
21 th Meeting of 8 th Session of the Board	November 26,2021	November 27,2021	http://www.cninfo.com.cn
22 th Meeting of 8 th Session of the Board	December 23,2021	December 24,2021	http://www.cninfo.com.cn

2. Attendance of directors at the board of directors and general meetings of shareholders

During the reporting period, all directors were present in person at all board meetings where they were required to be present.

3. Objections raised by directors to matters related to the company

Applicable Not applicable

4. Other instructions for the performance of directors' duties

Applicable Not applicable

VII. Execution of duties of the special committees under the Board of Directors in the reporting period

The audit committee under the Board of Directors of the Company performs its duties in accordance with the detailed rules for the implementation of the audit committee under the Board of Directors and the working procedures for the annual report of the audit committee, supervises the Company's internal audit system and its implementation, reviews the Company's financial information and its disclosure, and evaluates the work of external audit institutions.

In the evaluation of the Company's internal control, the audit committee actively plays its responsibilities of organization, leadership and supervision. According to the identification standard of internal control defects of the Company, the annual internal control evaluation report of the Company was reviewed, and ShineWing Certified Public Accountants was entrusted to conduct internal control audit. It is considered that the current situation of the Company's internal control system meets the relevant requirements and has been well implemented. The annual internal control evaluation report of the Company truthfully reflects the above facts.

During the annual audit of the company, the audit committee actively communicated and effectively coordinated with the audit institution ShineWing certified public accountants. Before and after the audit, we have repeatedly urged the audit institutions to promote the audit work with quality and quantity on the audit work plan and work progress. After the completion of the audit, the annual financial report and annual report of the company were carefully reviewed, and it was considered that the financial report of the company was comprehensive and true, and the financial report and other information disclosed by the company were objective and true, which truly reflected the annual financial situation of the company.

The Audit Committee believes that ShineWing Certified Public Accountants can abide by the independent, objective and fair practice standards in providing annual audit services for the Company, audit the Company in strict accordance with the new accounting standards, actively communicate with the audit committee and independent directors, be diligent and responsible, and better complete the annual audit of the Company. It is proposed that the Company renew the appointment of ShineWing Certified Public Accountants as the audit institution of the Company in 2022.

The remuneration and assessment committee under the Board of Directors of the Company performed its duties in accordance with the implementation rules of the remuneration and assessment committee of the Board of Directors of the Company, and reviewed the annual remuneration of the directors, supervisors and senior managers of the Company.

VIII. Work of the Board of Supervisors

Was there any risk with the Company found by the Board of Supervisors in their supervision activities in the reporting period?

Applicable Not applicable

The Board of Supervisors had no objections to the matters under supervision in the reporting period.

IX Status of the Company's staff

1. As of Dec. 31, 2021 the Company and its subsidiary had 2,485 enrolled employees, including 1,299 persons engaged in production; 338 persons engaged in marketing; 304 persons engaged in engineering and technology; 55 persons engaged in financing; and 489 persons engaged in management.

2. As of Dec. 31, 2021, among enrolled employees of the Company and its subsidiary, 76 persons have the educational background of Master or higher; 718 persons have the educational background of university; 736 persons have the educational background of junior college; and 955 persons have the educational background of secondary technical school or lower.

3. The Company applied the employee job performance wage system with distribution according to positions and performance of an employee.

4. The Company formulated the annual training plan and gave purposeful training to an employee in consideration of his/her post requirement.

5. Labor outsourcing

Applicable Not applicable

X. Profit distribution and dividend payment

By giving consideration to both the return to shareholders and the Company's long-term development, and in combination of the Company's profit made in this year, the Company formulated the 2020 annual dividend distribution plan of paying the cash of 0.1 yuan for every 10 shares. Reviewed and adopted at the Company's general meeting, the Company's Board of Directors has implemented the plan in July 2021.

Formulation and implementation of the Company's cash dividend distribution policy in the reporting period complied with the Company's Articles of Association and the general meeting's resolution, and the dividend distribution standard and proportion were defined and clear and the applicable decision-making procedure and system were complete. The independent directors agreed on it and the legal rights and interests of minority shareholders were well protected.

Special notes to cash dividend payout policy	
If the regulations of the Articles of Association or the requirements of the shareholders of the company meeting are met:	Yes
If the dividend payout standard and proportion is definite and clear-cut:	Yes
If relevant decision-making procedure and mechanism is complete:	Yes
If the independent directors have performed their duties and played their due role:	Yes
If small and medium shareholders have the opportunity to sufficiently express their opinions and appeals and if their legal rights and interests are sufficiently protected:	Yes
If the condition and procedure for adjusting or changing the cash dividend payout policy is compliant and transparent:	Yes

The Company made profit in the reporting period and the undistributed profit of the parent company was positive but no cash dividend distribution plan was proposed.

Applicable Not applicable

Profit distribution preplan, and preplan of share-granting with capital accumulation fund of the Company

Bonus shares to be presented for every 10 shares (shares)	0
Dividend to be distributed for every 10 shares (RMB yuan) (including tax)	0.1

Equity base for distribution preplan (shares)	843,212,507
Total amount of cash dividend distribution (RMB yuan) (including tax)	8,432,125.07
Profit distributable to the shareholders in the current year	803,564,427.95
Proportion of cash dividend distribution accounting for total profit distribution	100%
Cash dividend distribution policy:	
When the development stage of the company belongs to a growth period with important fund disbursement arrangement(s), the proportion of cash dividend distribution accounting for this profit distribution should reach 20% at minimum when conducting profit distribution.	
Notes to details about preplan for profit distribution or capital stock increase with capital reserve	
According to the audit by ShineWing CPAs (Special General Partnership), the net profit made by the parent company of the Company in 2021 was RMB -86.252 million. Plus the initial undistributed profit of RMB 911.033 million and minus the dividend of RMB 8.432 million of common shares paid in 2020 and the drawn free surplus reserve of RMB 12.785 million (20%), the accumulated profit distributable to the shareholders was RMB 803.564 million.	
The Company's profit distribution preplan for 2021:	
Based on the total capital stock of 843,212,507 shares, the dividend of RMB 0.1 in cash (including tax) will be distributed for every 10 shares, the total cash dividend is RMB 8.432 million, and the cash dividend for B share is converted and paid in Hong Kong dollars.	
If the share capital changes from the disclosure of this plan to the equity registration date of implementing the profit distribution plan, the distribution proportion will be adjusted accordingly according to the principle that the total distribution amount remains unchanged.	
The above preplan shall be submitted to the 2021 shareholders' general meeting for review and approval.	

XI. The implementation and effect of equity incentive

Applicable Not applicable

XII. Internal control system construction and implementation during the reporting period

1. Internal control construction and implementation

During the reporting period, the Company made positive innovation, took the initiative to change, and vigorously promoted organizational strengthening. Implement market-centered integrated operation through organizational restructuring, business process reengineering and management system revision. Through the project management system, fully implement the project budget, control the whole process of operation, ensure profits and prevent risks.

2. Details of material weakness in the internal control found in the reporting period described in the report on self-evaluation of internal control.

Applicable Not applicable

There was no material weakness in the internal control found in the reporting period.

XIII. Management and control of subsidiaries during the reporting period

During the reporting period, the Company focused on strengthening the management control of subsidiaries from the following aspects:

- (1) The Company carefully identified, strictly managed and dynamically adjusted the directors, supervisors and senior managers assigned to subsidiaries;
- (2) The Company participated in the whole process of the preparation of the annual business plan of its subsidiaries, made reasonable suggestions and gave appropriate guidance;
- (3) The Company conducted monthly/quarterly tracking and annual assessment on the implementation of business plans and compliance operations of subsidiaries.

XIV. Report on self-evaluation of internal control or internal control audit report

1. Report on self-evaluation of internal control

Details of material weakness in the internal control found in the reporting period described in the report on self-evaluation of internal control	
There was no material weakness in the internal control found in the reporting period.	
Date of disclosing the full text of the report on self-evaluation of internal control	Apr.23, 2022
Disclosure reference to the full text of the report on self-evaluation of internal control	For the 2021 annual report on self-evaluation of internal control of the Company, visit the website www.cninfo.com.cn .

2. Internal control audit report

Description of the deliberation opinions in the internal control audit report	
We think that as of Dec. 31, 2021, Bingshan Refrigeration & Heat Transfer Technologies Co., Ltd. had maintained an effective internal control over the financial reports in all material aspects according to Basic Enterprise Internal Control Specification and relevant regulations.	
Date of disclosing the full text of the internal control audit report	Apr. 23, 2022
Disclosure reference to the full text of the internal control audit report	For the 2021 annual internal control audit report of the Company, visit the website www.cninfo.com.cn .

Did the accounting firm issue the internal control audit report with nonstandard opinions?

Applicable Not applicable

Was the internal control audit report issued by the accounting firm consistent with the opinion in the self-evaluation report of the Board of Directors?

Yes No

XV. Rectification of problems in self inspection of special actions for governance of listed companies

Rectification problem 1 found by the Company: The minutes of the meeting of the Board of Supervisors did not fully record all the key points of the supervisors' speeches

(1) Problem Description: during 2018, the minutes of the meeting of the Board of Supervisors were incomplete.

(2) Rectification Description: it is confirmed that there was no objection or abstention of supervisors in the voting at the meeting of the Board of Supervisors in 2018, and the Board of Supervisors played a good role in supervising the performance of the Board of Directors. The Board of Supervisors was changed in January 2019. After self inspection in 2020, the Company standardized the content and form of minutes of meetings of the Board of Supervisors as required, improved the key points of records, and ensured that the records were true, accurate and complete.

Rectification problem 2 found by the Company: The current independent director has served for more than 6 consecutive years

(1) Problem Description: as of February 2021, Dai Dashuang and Liu Jiwei, independent directors of the Company, have been reappointed in the Company for six years.

(2) Rectification instructions: the Company immediately communicated with independent directors Dai Dashuang and Liu Jiwei, and made arrangements for the election of new independent directors. Later, Dai Dashuang and Liu Jiwei submitted their resignation reports to the Company on March 19, 2021. On May 14, 2021, the new independent directors of the Company were elected and approved by the general meeting of shareholders, and the independent directors of the Company were successfully replaced, which had no material adverse impact on corporate governance.

Section 5 Environmental and social responsibility

I. Major environmental issues

The listed company and its subsidiaries whether belong to heavy pollution industry formulated by the state environmental protection department

Yes No

Administrative penalties imposed for environmental problems during the reporting period

Yes No

Enterprise or subsidiary	Main pollutant and features	Way of discharge	Number of discharge outlet	Distribution of the discharge outlet	Emission concentration	Pollutant discharge standard implemented	Total discharge	Total approved emissions	Excessive emission
Bingshan Refrigeration & Heat Transfer Technologies Co., Ltd.	COD	sequence	1	Unified discharged	138 mg/L	DB21 1627-2008	9.816tons	None	Not over standard
Bingshan Refrigeration & Heat Transfer Technologies Co., Ltd.	Ammonia nitrogen	sequence	1	Unified discharged	6.66 mg/L	DB21 1627-2008	0.489tons	None	Not over standard
Bingshan Refrigeration & Heat Transfer Technologies Co., Ltd.	Dust	sequence	1	Unified discharged	10.6mg/m ³	GB9078-1996	2.132 tons	None	Not over standard

The Company received the new version of the "Sewage Discharge Permit" issued by the Dalian Ecological Environment Bureau in July 2020. The Company discharges within the limit according to the required emission concentration of the new version of "Sewage Discharge Permit".

Measures and effects taken by the Company to reduce carbon emissions

During the reporting period, the Company implemented the green, energy-saving and efficient lean production mode in the production process, continuously improved the operation mode, improved the operation efficiency, reduced the operation cost, and continued to move forward towards intelligent manufacturing and green manufacturing.

During the reporting period, the Company used the roofs of some plants in the new plant area to build phase I photovoltaic power generation project by using the mode of self use and surplus power on the Internet, and connected to the grid in early November 2021. The installed power of the project is 3.4 MW, the annual power generation is about 4.08 million kwh, and the annual carbon dioxide emission is reduced by about 4,067 tons.

During the reporting period, focusing on energy conservation and carbon reduction, the Company developed and applied high-efficiency compressor energy conservation, green refrigerant, CCUS (carbon capture, utilization and storage) and other technologies, and completed a number of energy conservation and carbon reduction projects with customers in the fields of coal mine waste heat recovery, liquefied natural gas cold energy utilization, petroleum refining and other fields, creating good economic and social benefits.

II. Social responsibilities

The specific content of the Company's performance of social responsibility can be found in the Social Responsibility Report disclosed on Juchao information website on April 23, 2022.

III. We consolidated and expanded our achievements in poverty alleviation and rural revitalization

In 2021, combined with its main business, the Company continued to consolidate the achievements of poverty alleviation, invested 60,000 yuan in Songlin village, Guangmingshan Town, Zhuanghe City to aid the construction of village level wireless broadcasting system project, and maintained the air conditioning equipment of villagers' cultural activity center. Meanwhile, during the epidemic period in Zhuanghe City, the Company actively raised about 20,000 yuan of epidemic prevention goods to provide support for the epidemic prevention work in Songlin village.

Section 6 Important items

I Implementation of commitments

1. Commitments of the Company or its shareholders holding 5% or higher of the shares in the reporting period or carried to the reporting period

Applicable Not applicable

2. The company's assets or projects have earnings forecasts, and the reporting period is still in the period of earnings forecasts. The company explains the reasons why the assets or projects have reached the original earnings forecasts.

Applicable Not applicable

II. Non-operation capital occupation by holding shareholders and their related parties in the listed company

Applicable Not applicable

The Company had no capital occupation by the holding shareholders and their related parties in the listed company within this reporting period.

III. Foreign guarantee in violation of regulations

Applicable Not applicable

IV. Explain to the “non standard audit report” last year from the board of directors of the Company

Applicable Not applicable

V. Explain to the “non standard audit report” from the board of directors, board of supervisors of the Company

Applicable Not applicable

VI. Change in accounting policies, accounting estimates and accounting methods or correction of major accounting mistakes in the reporting period, which should be retroactively restated compared with the financial statements of the previous year

Applicable Not applicable

On December 7, 2018, the Ministry of Finance issued the "notice on revising and Issuing the accounting standards for Business Enterprises No. 21 - leasing" (CK [2018] No. 35), and revised the accounting standards for Business Enterprises No. 21 - leasing (hereinafter referred to as the "new leasing standards"). Enterprises listed both at home and abroad and enterprises listed abroad and preparing financial statements using international financial reporting standards or accounting standards for business enterprises shall be implemented as of January 1, 2019; Other enterprises that implement the accounting standards for business enterprises shall implement them as of January 1, 2021. When preparing the financial statements of 2021, the Company implemented the relevant accounting standards and handled them in accordance with the relevant connection provisions.

VII. Change in the range of consolidated statements compared with the financial statements of the previous year

Applicable Not applicable

VIII. Engagement and dismissal of the accounting firm

Currently engaged accounting firm

Name of domestic accounting firm	ShineWing CPAs (Special General Partnership)
Remuneration paid to the domestic accounting firm (in 10 thousand yuan)	107
Continuous audit service years of the domestic accounting firm	6
Name of certified public accountants with the domestic accounting firm	Lin Li, Zhang Shizhuo
Continuous audit service years of the certified public accountants	Lin Li 1 year, Zhang Shizhuo 3 years

If the CPA firm retaining was changed in this period

Applicable Not applicable

Employment of internal control audit accounting firm, financial advisor or sponsor

Applicable Not applicable

During the reporting period, the Company hired ShineWing CPAs (Special General Partnership) as the Company's 2021 audit institution to conduct an integrated audit of the Company's financial reports and internal control.

IX. Facing suspend and terminate listing after the annual report disclosure

Applicable Not applicable

X. Bankruptcy restructuring related matters

Applicable Not applicable

XI. Major lawsuit and arbitration issues

Applicable Not applicable

XII. Punishment and rectification

Applicable Not applicable

XIII. The credibility of companies and its controlling shareholder, actual controller

Applicable Not applicable

The controlling shareholder of the Company and the Company don't exist situation such as unfulfilled the court's effective judgments or failed to pay duly a large amount of debt during the reporting period.

XIV. Important associated transactions**1. Related party transactions related to daily operations**

During the reporting period, the total amount of normal associated transactions between the Company and associated parties was 514,680 thousand yuan, accounting for 74.59% of the budgeted amount for the year 2021. This included 139,890 thousand yuan, accounting for 53.19% of the budgeted amount for the year 2021, for purchasing supporting products for package projects from associated parties, and 374,790 thousand yuan, accounting for 87.77% of the budgeted amount for the year 2021, from selling supporting parts and components to associated parties.

2. Associated transactions related to purchases or sales of assets

Applicable Not applicable

3. Important associated transactions with joint external investments

Applicable Not applicable

4. Associated transactions related to rights and debts

Applicable Not applicable

5. Associated transactions with related financial companies

Applicable Not applicable

6. The transactions between the financial company controlled by the company and its related parties

Applicable Not applicable

7. Other associated transactions

Applicable Not applicable

1. In order to strengthen the financing of cold and hot industrial chain, boost sales and recycling, the Company signed the equity transfer contract with Dalian Zhonghuida Refrigeration Technology Co., Ltd. and transferred 20% equity of Dalian Bingshan Group Huahuida Financial Leasing Co., Ltd. held by Dalian Zhonghuida Refrigeration Technology Co., Ltd. The above matters were deliberated and adopted at the 15th meeting of the 8th Board of Directors of the Company on March 19, 2021. The Company's announcement on related party transactions of transferring the equity of Dalian Bingshan Group Huahuida Financial Leasing Co., Ltd. was disclosed in China Securities Journal and cninfo.com (2021-004) on March 20, 2021.

2. In order to optimize the asset structure and help improve the main business, the Company signed an equity transfer agreement with Panasonic electric (China) Co., Ltd. ("Panasonic China") and transferred all the 40% equity of Panasonic refrigeration (Dalian) Co., Ltd. to Panasonic China. The Company's announcement on related party transactions on the transfer of equity of Panasonic refrigeration (Dalian) Co., Ltd. was disclosed in China Securities Journal and cninfo (2021-043) on November 27, 2021.

XVII. Major contract and its performance**1. Hosting, contracting and leasing status**

(1) the hosting status

Applicable Not applicable

(2) the contracting status

Applicable Not applicable

(3) the leasing status

Applicable Not applicable

The 13th meeting of the 7th board of directors of the Company was held on April 22, 2017, and approved to rent out the old plant and land located in No 888, South West RD, Shahekou District, Dalian to Bingshan Wisdom. The lease contract is from April 1, 2017 to December 31, 2036. The Company has signed the “estate leasing contract” with Dalian Bingshan Wisdom based on the requirement of utilization of old land and plant and new business foster plan. Current year’s lease premium is RMB 8.19 million.

On July 31, 2014, the Company and Lingzhong Bingshan Refrigeration (Dalian) Co., Ltd. signed a supplementary agreement to modify the house lease contract, and rent out the Building No. 6 of Workshop No. 106, Liaohe East Road, Dalian Development Zone, to Lingzhong Bingshan Refrigeration (Dalian) Co., Ltd.. The rental area is 15,259.04 square meters, and lease period will end on July 16, 2029, the annual rent is RMB 3.81 million.

The Company's subsidiary Bingshan Lingxie signed a house lease contract with Dalian Jingxue Energy Saving Technology Co., Ltd. on June 1, 2017., and rent out the factory building located at No. 92 Tieshan West Road, Dalian Development Zone, to Dalian Jingxue Energy Saving Technology Co., Ltd.. The rental area is 3,653.76 square meters, and lease period from June 1, 2017 to May 31, 2022, the annual rent is RMB 1 million.

2. Guaranteeing status

Applicable Not applicable

3. Entrust others to cash assets management

(1) Trust management

Applicable Not applicable

(2) Entrusted loans

Applicable Not applicable

(3) Other important contracts

Applicable Not applicable

XIX. Other important matters

Applicable Not applicable

XX. Other important matters of subsidiary company

Applicable Not applicable

Section 7 Change in Share Capital and Shareholders' Information

I. Change in share capital

1. Change in share capital

items	Shares (before change)		Shares (after change)	
	number	proportion	number	proportion
I. Non-circulating share capital with restricted trade conditions	3,058,879	0.36%	3,130,189	0.37%
II. Circulating share capital	840,153,628	99.64%	840,082,318	99.63%
1. Domestically listed ordinary shares	598,653,628	71.00%	598,582,318	70.99%
2. Domestically listed foreign shares	241,500,000	28.64%	241,500,000	28.64%
III. Total shares	843,212,507	100.00%	843,212,507	100.00%

The reason for the Change in share capital

During the reporting period, the Company employed Yin Xide, the general manager, and Wang Jinxiu, the chief financial officer. Fan Yuekun, the director and deputy general manager of the Company, resigned, and Ma Yun, the chief financial officer, resigned. The lock-in shares of senior executives changed, resulting in changes in the composition of shares.

Approval of changes in shares

Applicable Not applicable

The restricted shares changes

Applicable Not applicable

II. Securities issuance and listing

1. Securities issuance in the report period

Applicable Not applicable

2. Change in total shares of the Company and structure of shareholders

Applicable Not applicable

3. Internal staff shares

Applicable Not applicable

III. Shareholders and actual controller

1. Number of shareholders and their shareholding

Total number of shareholders in the reporting period	54,572	Total number of shareholders as of the last month before disclosure of the annual report	82,592		
Shareholding of top ten shareholders					
Name	Nature	Proportion	Total number	Number of shares with sale restriction	Number of pledged shares or shares frozen
Dalian Bingshan Group Co., Ltd.	Domestic non-state-owned legal person	20.27%	170,916,934	0	0
Sanyo Electric Co., Ltd.	Overseas legal person	8.72%	73,503,150	0	0
Lin Zhenming	Foreign natural person	0.80%	6,770,000		
Wu An	Domestic natural person	0.53%	4,500,000		
Xue Hong	Domestic natural person	0.43%	3,600,000		
Dalian industrial development investment Co., Ltd.	Domestic non-state-owned legal person	0.40%	3,406,725		
Chen Yong	Domestic natural person	0.40%	3,339,378		
Li Xiaohua	Domestic natural person	0.37%	3,145,608		
Zhan Changcheng	Domestic natural person	0.35%	2,971,647		
Chen Cirou	Domestic natural person	0.31%	2,635,550		
Shareholding of top ten shareholders without sale restriction					
Name	Number of shares without sale restriction		Type of shares		
Dalian Bingshan Group Co., Ltd.	170,916,934		RMB denominated ordinary shares		
Sanyo Electric Co., Ltd.	73,503,150		Domestically listed foreign shares		
Lin Zhenming	6,770,000		Domestically listed foreign shares		
Wu An	4,500,000		Domestically listed foreign shares		
Xue Hong	3,600,000		Domestically listed foreign shares		
Dalian industrial development investment Co., Ltd.	3,406,725		RMB denominated ordinary shares		
Chen Yong	3,339,378		RMB denominated ordinary shares		
Li Xiaohua	3,145,608		RMB denominated ordinary shares		
Zhan Changcheng	2,971,647		Domestically listed foreign shares		
Chen Cirou	2,635,550		Domestically listed foreign shares		
Notes to the associated relationship and uniform actions of the above shareholders	Dalian Bingshan Group Co., Ltd. had the association relationship with Sanyo Electric Co., Ltd. among the above shareholders. Sanyo Electric Co., Ltd. holds 26.6% of Dalian Bingshan Group Co., Ltd.'s equity.				

2. Controlling shareholder of the Company

Name of holding shareholder	Legal representative	Founding date	Unified social credit code	Main business
Dalian Bingshan Group Co., Ltd.	Ji Zhijian	Jul. 3, 1985	912102002412917931	Research, development, manufacture, sales, service and installation of industrial refrigeration products, freezing and cold storage products, large-, medium- and small-size air-conditioning products, petrochemical equipment products, electronic and electric control products, home appliance products and environment protection products.
Shares held by the holding shareholder in other overseas and domestic listed companies as the holding shareholder or ordinary shareholder in the reporting period	None			

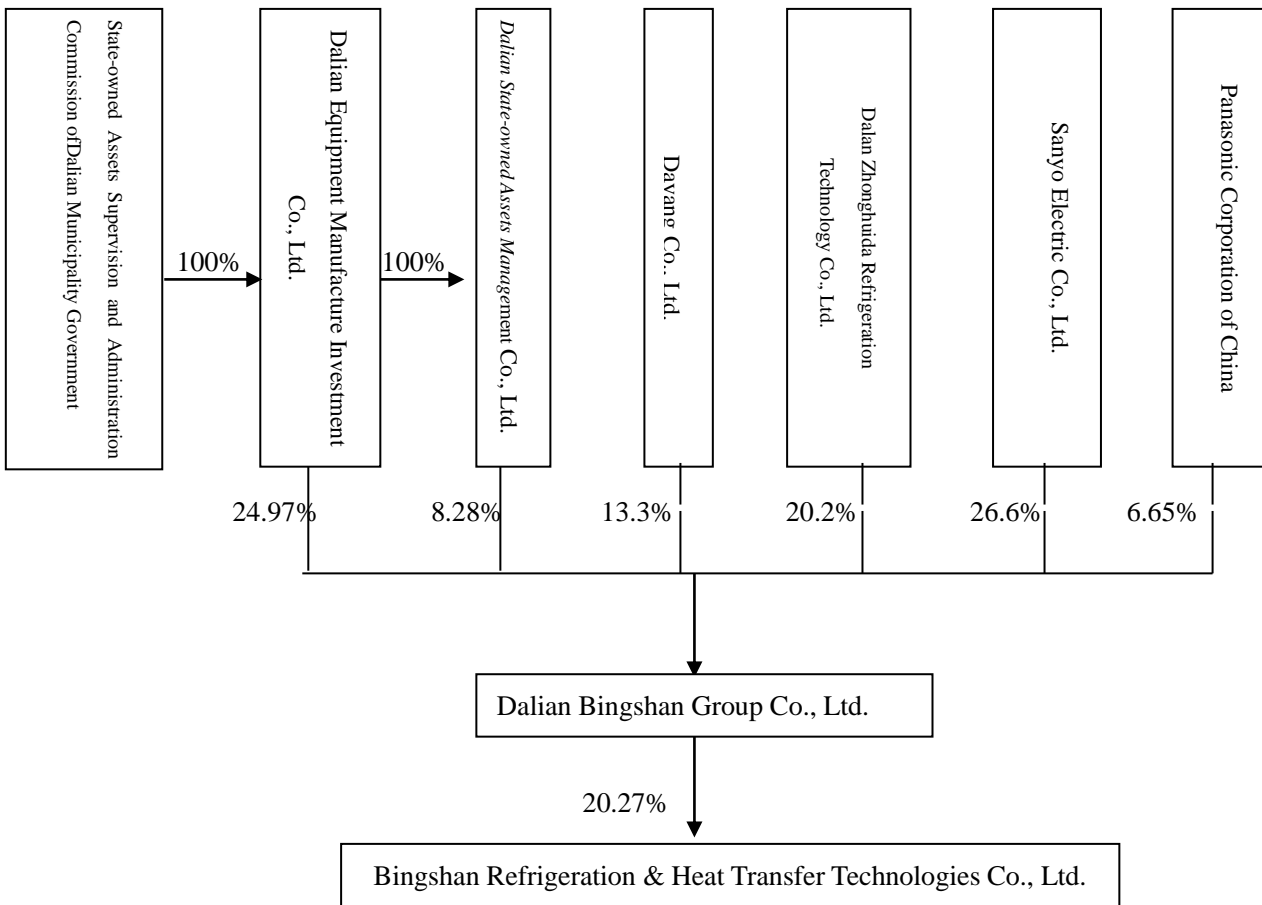
Change in the holding shareholder in the reporting period

Applicable Not applicable

3. Actual controller of the Company

The company has no actual controller.

According to the actual situation of the Company and its controlling shareholder, and compared with the related laws and regulations including Company Law of People's Republic of China, Management Regulation on Listing Company Acquisition and Stock Listing Rules of Shenzhen Stock Exchange, with the confirmation of Liaoning Huaxia law firm, the Company released the Public Notice on Not Having Actual Controller.(No: 2015-025,) which was published on B04 of China Securities, A19 of HK Commercial Daily and Cninfo website on April 24 2015.



The actual controller controlled the Company through a trust or other asset management
 Applicable Not applicable

4. Other legal-person shareholders holding of 10% or more shares

Applicable Not applicable

5. controlling shareholders, actual controllers, restructuring the constraint to the stake and other commitments underweight

Applicable Not applicable

Section 8 Information on Preferred Stock

Applicable Not applicable

In the reporting period, the Company didn't own preferred stock.

Section 9 Information on Corporate bonds

The Company's non-public issuance of exchangeable corporate bonds was listed at the Shanghai Stock Exchange on August 6, 2018. As of August 1, 2018, according to the using plan disclosed in the prospectus, the raised funds of the Company's non-public issuance of exchangeable corporate bonds have been used to repay bank loans. The special account for the Company's 2018 exchangeable corporate bonds fund raising was cancelled in March 2019. Till the reporting period, the Company's exchangeable corporate bondholders exchanged a total of 8.3889 million shares. The current balance is zero at the end of the reporting period.

Section 10 Financial Report

1. Opinion

We have audited the accompanying financial statements of Bingshan Refrigeration & Heat Transfer Technologies Co., Ltd (“Bingshan Refrigeration & Heat Company”), which comprise the consolidated and company balance sheets as at 31 December 2021, and the consolidated and company income statements, the consolidated and company cash flow statements, the consolidated and company statements of changes in equity for the year then ended, and notes to these financial statements.

In our opinion, the accompanying financial statements have been prepared in accordance with the requirements of Accounting Standards for Business Enterprises, in all material respects and present fairly the consolidated and the financial position of Bingshan Refrigeration & Heat Company as at 31 December 2021, and of their consolidated and the company’s financial performance and cash flows for the year then ended.

2. Basis for Opinion

We conducted our audit in accordance with China Standards on Auditing for Chinese Certified Public Accountants. Our responsibilities under those standards are further described in the “Auditor’s Responsibilities for the Audit of the Financial Statements” section of our report. We are independent of Bingshan Refrigeration & Heat Company in accordance with the Code of Ethics for Chinese Certified Public Accountants, and we have fulfilled our other ethical responsibilities of the code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit.

3. Key Audit Matters

Key audit matters are those matters that we consider, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole and, in forming our audit opinion thereon, and we do not express a separate opinion on these matters.

Revenue Recognition	
Key Audit Matter	How the matter was addressed in the audit

<p>Revenue of Bingshan Refrigeration & Heat Company and its subsidiaries mainly come from sales of products and installation. The key concern about the sales revenue is due to the large sales quantities and any potential misstatements existing in the revenue recognition within the appropriate accounting period. Key concern about installation income is because the accounting involved by significant accounting estimate and judgment. Having considered these matters, we recognized revenue recognition as key audit matters.</p>	<p>The main audit procedures carried out for addressing the key audit matters are as follows:</p> <ol style="list-style-type: none"> 1. Understand and evaluate effectiveness of design and operation of the management ‘s internal control over revenue 2. Carried out analytical review and evaluate the reasonableness of sales income and gross profit margin by segmenting the business and sales in conjunction with industry development and actual situation of Bingshan Refrigeration & Heat Company. 3. Sampling test the sales contracts, identify the clause and condition in respect to the contract performance obligation, consideration and risk and reward transfer of the ownership. Evaluate the revenue recognition of Bingshan Refrigeration & Heat Company whether it is in line with the accounting standards. 4. Sampling select product sales revenue record, reconcile to sales invoice, contracts, dispatch note, acceptance note; Sampling select installation sales revenue record, reconcile to invoice, installation contracts and completion report and Evaluate the recognition of revenue whether is in line with the accounting standards 5. Checking actual installation cost by reviewing the contract, invoice and supportive document with signature for the equipment received to evaluate the cost whether it really incurred. 6. Sampling select the transactions before and after the balance sheet date, carry out confirmation procedure, test the dispatch note and other supporting documents so to ensure whether the transaction is recorded into the appropriate accounting period.
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4. Other Information

The management of Bingshan Refrigeration & Heat Company (hereinafter referred to as the “Management”) is responsible for the other information. The other information comprises the information included in the Bingshan Refrigeration & Heat Company *2021 annual report*, but does not include the financial statements and our auditor’s report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

5. Responsibilities of the Management and Those Charged with Governance for the Financial Statements

The Management is responsible for the preparation of the financial statements in accordance with Accounting Standards for Business Enterprises to achieve fair presentation; and designing, implementing and maintaining internal control which is necessary to enable that the financial statements are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing Bingshan Refrigeration & Heat Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management either intends to liquidate Bingshan Refrigeration & Heat Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible to overseeing Bingshan Refrigeration & Heat Company's financial reporting process.

6. Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are generally considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

During the course of audit in accordance with auditing standards, we exercise professional judgment and maintain professional skepticism. We also carry out the

following works:

- (1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of its internal control (this sentence would be deleted in circumstance when we are also responsible to issue an opinion on the effectiveness of internal control in conjunction with the audit of the financial statements).
- (3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- (4) Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Bingshan Refrigeration & Heat Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements in accordance with the auditing standards or, if such disclosures are inadequate, we shall modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Bingshan Refrigeration & Heat Company to cease to continue as a going concern.
- (5) Evaluate the overall presentation, structure and content of the financial statements, and also whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (6) Obtain sufficient and appropriate audit evidence with respect to the financial information of Bingshan Refrigeration & Heat entities or business activities, and issue an audit opinion. We are responsible for guiding, supervising and performing group audits and take full responsibility for audit opinions.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings etc., including

any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with those relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and related safeguards, where applicable.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation prohibited public disclosure about the matter or when, in rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

ShineWing Certified Public Accountants LLP

CPA: Lin Li (Engagement Partner)

CPA: Zhang Shizhuo

China, Beijing

April 22, 2022

II. Accounting statement

Consolidated Balance Sheet

Prepared by Bingshan Refrigeration & Heat Transfer Technologies Co., Ltd. 31 December, 2021 Unit: RMB Yuan

ITEMS	31 December 2021	31 December 2020
Current Assets:		
Monetary funds	522,658,505.79	373,445,731.67
Settlement provision		
Loans to banks and other financial institutions		
Financial asset held for trading		
Derivative financial assets		
Notes receivable	166,430,365.74	139,121,037.78
Accounts receivable	821,548,678.85	817,011,955.75
Receivable financing	43,704,310.38	61,737,282.56
Prepayments	182,701,403.55	154,481,509.35
Insurance receivables		
Reinsurance Receivable		
Provision of reinsurance contract reserve receivable		
Other receivables	60,340,096.45	67,527,176.86
including: interest receivable	-	46,879.68
dividend receivable	1,003,568.75	25,923.75
Financial assets purchased under agreement to resell		
Inventories	1,014,527,127.82	731,658,797.98
Contractual asset	109,859,658.79	91,430,011.60
Held for sale assets		
Non-current assets due within 1-year	14,990,989.30	42,003,576.60
Other current assets	24,525,076.71	23,214,091.44
Total Current Assets	2,961,286,213.38	2,501,631,171.59
Non-Current Assets:		
Loan and payment on other's behalf disbursed		
Debt investment		
Other debt investment		
Long-term receivables		65,867,973.25
Long-term equity investment	1,231,504,533.45	1,597,241,363.62
Other equity instrument investment		
Other non-current financial assets	261,410,664.61	239,304,098.83
Investments properties	120,752,809.61	126,288,477.92
Fixed assets	855,395,405.85	891,147,058.82
Construction in process	38,974,478.45	34,254,599.42
Production biological assets		
Oil-gas assets		
Right-of-use assets	23,934,703.37	
Intangible assets	142,592,738.10	145,442,721.24
Development cost		
Goodwill	1,750,799.49	1,750,799.49
Long-term prepaid expense	8,088,684.23	9,660,538.07
Deferred tax asset	89,879,574.13	68,979,526.11
Other non-current assets		
Total Non-current Assets	2,774,284,391.29	3,179,937,156.77
Total Assets	5,735,570,604.67	5,681,568,328.36

Consolidated Balance Sheet (continued)

Prepared by Bingshan Refrigeration & Heat Transfer Technologies Co., Ltd. 31 December, 2021 Unit: RMB Yuan

ITEMS	31 December 2021	31 December 2020
Current Liabilities:		
Short-term borrowings	245,937,091.72	282,971,600.00
Financial liability held for trading		
Derivative financial liabilities		
Notes payable	380,033,039.56	295,151,372.38
Accounts payable	919,871,927.53	767,267,232.43
Advance received		-
Contractual liability	499,719,963.40	295,100,657.10
Financial assets sold under agreements to repurchase		
Deposits received and hold for others		
Entrusted trading of securities		
Entrusted underwriting of securities		
Employee pay payables	35,148,782.48	31,125,808.94
Taxes and duties payable	13,514,847.82	9,714,194.25
Other payables	55,284,140.21	43,017,466.38
including: interest payable	-	1,839,166.81
dividend payable	3,008,156.00	533,156.00
Fees and commissions payable		
Amount due to reinsurance		
Held for sale liabilities		
Non-current liabilities due within 1-year	24,175,388.12	37,157,126.41
Other current liabilities	195,213,206.91	152,173,946.30
Total Current Liabilities	2,368,898,387.75	1,913,679,404.19
Non-current Liabilities:		
Insurance contract provision		
Long-term borrowings	150,000,000.00	160,000,000.00
Bonds Payable		-
including: preference share		
perpetual debt		
Lease liability	5,394,021.14	
Long-term payables	19,998,913.29	14,622,463.75
Long-term employee payables		
Provision		7,592,239.01
Deferred income	106,185,323.82	104,457,568.86
Deferred Tax liabilities	35,596,349.70	32,010,364.83
Other non-current liabilities		-
Total Non-current Liabilities	317,174,607.95	318,682,636.45
Total Liabilities	2,686,072,995.70	2,232,362,040.64
Owners Equity(or Shareholders Equity):		
Paid-in capital (Share capital)	843,212,507.00	843,212,507.00
Other equity instrument		
Including: preference share		
perpetual capital securities		
Capital reserve	720,215,866.78	726,768,468.00
Less: Treasury stock		
Other comprehensive income	2,178,681.73	2,501,459.77
Chartered reserve		
Surplus reserves	809,471,199.64	805,525,775.33
△Provision for general risk		
Undistributed profit	627,764,582.32	997,601,577.97
Equity attributable to equity holders of the Company	3,002,842,837.47	3,375,609,788.07
Minority interest	46,654,771.50	73,596,499.65
Total Equity	3,049,497,608.97	3,449,206,287.72
Total Liabilities and Equity	5,735,570,604.67	5,681,568,328.36

Legal Representative: Ji Zhijian Chief Financial Official: Wang Jinxiu Person in Charge of Accounting Organization: Li Sheng

Balance Sheet of Parent Company

Prepared by Bingshan Refrigeration & Heat Transfer Technologies Co., Ltd. 31 December, 2021 Unit: RMB Yuan

ITEMS	31 December 2021	31 December 2020
Current Assets:		
Monetary funds	391,077,589.19	208,325,740.71
Tradable financial asset		
Derivative financial assets		
Notes receivable	61,036,803.62	42,858,563.72
Accounts receivable	408,719,275.78	408,625,925.91
Receivable financing	5,427,828.26	5,752,810.30
Prepayments	57,409,521.75	62,620,914.33
Other receivables	54,222,825.18	41,183,397.14
including: interest receivable	-	46,879.68
dividend receivable	25,100,920.84	
Inventories	339,977,048.51	255,635,206.96
Contractual assets	50,916,025.04	38,366,253.50
Held for sale assets		
Non-current assets due within 1-year	13,281,553.63	19,488,435.75
Other current assets	8,871,387.69	27,637.13
Total Current Assets	1,390,939,858.65	1,082,884,885.45
Non-Current Assets:		
Debt investment		
Other debt investment		
Long-term receivables		45,964,783.15
Long-term equity investment	1,923,394,225.05	2,280,377,981.04
Other equity instrument investment		
Other non-current financial assets	260,095,522.11	237,888,956.33
Investments properties	95,850,052.41	100,762,366.02
Fixed assets	680,392,162.13	721,701,015.39
Construction in process	28,279,901.38	9,160,965.22
Production biological assets		
Oil-gas assets		
Right-of-use assets	15,636,361.47	
Intangible assets	73,679,019.01	76,619,078.55
Development cost		
Goodwill		
Long-term unamortized expense	6,766,442.52	8,259,220.68
Deferred tax asset	16,806,287.61	13,940,130.98
Other non-current assets		
Total Non-current Assets	3,100,899,973.69	3,494,674,497.36
Total Assets	4,491,839,832.34	4,577,559,382.81

Balance Sheet of Parent Company (continued)

Prepared by Bingshan Refrigeration & Heat Transfer Technologies Co., Ltd. 31 December, 2021 Unit: RMB Yuan

ITEMS	31 December 2021	31 December 2020
Current Liabilities:		
Short-term borrowings	230,373,666.72	276,011,600.00
Financial liability held for trading		
Derivative financial liabilities		
Notes payable	238,051,362.81	202,747,834.50
Accounts payable	318,798,749.33	254,630,956.73
Advance received		-
Contractual liability	115,654,933.60	67,468,174.27
Employee pay payables	13,551,313.90	11,187,502.65
Taxes and duties payable	2,667,309.95	4,244,948.37
Other payables	23,508,139.39	17,179,194.67
including: interest payable	-	1,839,166.81
dividend payable	533,156.00	533,156.00
Held for sale liabilities		
Non-current liabilities due within 1-year	1,918,874.53	25,000,034.00
Other current liabilities	68,871,944.99	50,815,558.18
Total Current Liabilities	1,013,396,295.22	909,285,803.37
Non-current Liabilities:		
Long-term borrowings	150,000,000.00	160,000,000.00
Bonds Payable		-
including: preference share		
perpetual debt		
Lease liability	13,243,055.41	
Long-term payables		
Long-term employee payables		
Provision for liabilities		
Deferred income	66,992,823.82	64,121,068.86
Deferred Tax liabilities	35,596,349.70	32,010,364.83
Other non-current liabilities		
Total Non-current Liabilities	265,832,228.93	256,131,433.69
Total Liabilities	1,279,228,524.15	1,165,417,237.06
Owners Equity(or Shareholders Equity):		
Paid-in capital (Share capital)	843,212,507.00	843,212,507.00
Other equity instrument		
Including: preference share		
perpetual capital securities		
Capital reserve	755,146,592.54	771,270,562.83
Less: Treasury stock		
Other comprehensive income	1,216,581.06	1,539,359.10
Chartered reserve		
Surplus reserves	809,471,199.64	805,525,775.33
Undistributed profit	803,564,427.95	990,593,941.49
Total Equity	3,212,611,308.19	3,412,142,145.75
Total Liabilities and Equity	4,491,839,832.34	4,577,559,382.81

Legal Representative: Ji Zhijian Chief Financial Official: Wang Jinxiu Person in Charge of Accounting Organization: Li Sheng

Consolidated Income Statement

Prepared by Bingshan Refrigeration & Heat Transfer Technologies Co., Ltd. January- December, 2021 Unit: RMB Yuan

Item	This year	Last year
I、 Total operating revenue	2,089,208,256.22	1,727,267,935.15
Including: Operating revenue	2,089,208,256.22	1,727,267,935.15
Interest income		
Earned premiums		
Fees and commission income		
II、 Total cost of operation	2,248,942,160.16	1,767,653,636.63
Including: Cost of operation	1,849,531,272.29	1,432,524,109.91
Interest expenses		
Fees and commission expenses		
Payments to surrenders of insurance contracts		
Net amount of insurance claims expenses		
Net charges of provision for insurance contracts		
Dividends policy expenses		
Reinsurance expenses		
Taxes and surcharges	18,951,850.96	15,456,113.14
Selling and distribution expenses	130,633,909.30	83,740,476.90
Administrative expenses	170,613,436.15	160,295,370.53
R&D	65,269,765.23	49,158,256.78
Financial expenses	13,941,926.23	26,479,309.37
Including: Interest expenses	16,718,288.26	22,795,380.51
Interest income	5,193,155.75	2,435,386.06
add: other income	10,799,794.83	20,104,570.39
investment income (Loss listed with "-")	-47,447,292.15	104,437,155.73
Including: income from investments in associates and joint ventures	-58,045,519.63	91,883,843.64
Gain arising from derecognition of financial asset measured at amortized cost		
Exchange gain (Loss listed with "-")		
Gain on hedging of net exposure (Loss listed with "-")		
Gain on FV change (Loss listed with "-")	52,398,565.78	-14,797,607.68
Loss on impairment of credit(Loss listed with "-")	-90,798,013.99	-34,717,562.20
Loss on impairment of assets(Loss listed with "-")	-49,626,686.83	-13,476,398.01
Gain on asset disposal(Loss listed with "-")	59,272.29	-169,550.05
III、 Operating profit (Loss listed with "-")	-284,348,264.01	20,994,906.70
Add: Non-operating income	4,474,706.92	1,411,389.75
Less: Non-operating expenses	9,619,390.42	8,141,253.63
IV、 Total profit (Loss listed with "-")	-289,492,947.51	14,265,042.82
Less: Income tax expenses	-14,303,353.47	-8,584,766.51
V、 Net profit (Net loss listed with "-")	-275,189,594.04	22,849,809.33
(I) Classification by continuity	-275,189,594.04	22,849,809.33
1、 Net profit from continuing operation	-275,189,594.04	22,849,809.33
2、 Net profit from discontinuing operation		
(II) Classification by ownership	-275,189,594.04	22,849,809.33
1、 Net profit attributable to equity holders(shareholders) of the Company	-269,059,849.96	21,341,133.39
2、 Minority interest	-6,129,744.08	1,508,675.94
VI、 Other comprehensive income net off tax	-	-
Net other comprehensive income net off tax attributable to equity holders(shareholders) of the parent company	-	-

(I)Items that may not be reclassified subsequently to the income statement	-	-
1.Change in net asset/liability from remeasurment on defined benefit plan		
2.Under equity method, proportionate share of other comprehensive income in invested company that may not be reclassified subsequently to the income statement		
3.FV change of other equity instrument investment		
4.FV change of own credit risk		
5.Others		
(II)Items that may be reclassified subsequently to the income statement	-	-
1.Under equity method, proportionate share of other comprehensive income invested company that may be reclassified subsequently to the income statement		
2.FV change of other debt instrument investment		
3.Financial assets reclassified into other comprehensive income		
4.Credit impairment provision of other debt investment		
5.Cash flow hedges effective portion		
6.Foreign currency translation difference		
7.Others		
Net other comprehensive income net off tax attributable to Minority interest		
VII、 Total comprehensive income	-275,189,594.04	22,849,809.33
Total comprehensive income attributable to parent Company	-269,059,849.96	21,341,133.39
Total comprehensive income attributable to minority interest	-6,129,744.08	1,508,675.94
VIII、 Earnings per share		
(I)Basic earnings per share	-0.319	0.025
(II)Diluted earnings per share	-0.319	0.025

Legal Representative: Ji Zhijian Chief Financial Official: Wang Jinxiu Person in Charge of Accounting Organization: Li Sheng

Income Statement of Parent Company

Prepared by Bingshan Refrigeration & Heat Transfer Technologies Co., Ltd. January- December, 2021 Unit: RMB Yuan

Item	This year	Last year
I 、 Operating revenue	833,501,935.55	751,021,670.44
Less: Cost of operation	737,122,594.46	616,299,098.91
Taxes and surcharges	11,713,347.51	8,800,692.80
Selling and distribution expenses	62,191,872.24	41,031,582.10
Administrative expenses	84,579,442.49	77,436,050.28
R&D	23,153,016.46	20,145,122.54
Financial expenses	11,949,817.04	15,362,883.21
Including: Interest expenses	14,788,914.23	15,405,378.98
Interest income	4,726,261.06	1,973,796.92
Add: Other income	1,854,962.57	5,367,222.70
Investment income (Loss listed with "-")	-16,105,494.35	115,121,934.09
Including: income from investments in associates and joint ventures	-58,058,060.45	92,790,086.32
Gain arising from derecognition of financial asset measured at amortized cost		
Gain on hedging of net exposure (Loss listed with "-")		
Gain on FV change (Loss listed with "-")	52,398,565.78	-14,797,607.68
Loss on impairment of credit(Loss listed with "-")	-13,408,727.47	-5,231,482.28
Loss on impairment of assets(Loss listed with "-")	-12,126,565.07	-12,846,106.32
Gain on asset disposal(Loss listed with "-")	-399.28	-706,217.34
II 、 Operating profit (Loss listed with "-")	-84,595,812.47	58,853,983.77
Add: Non-operating income	1,548.54	3,900.06
Less: Non-operating expenses	885,498.38	108,725.25
III、 Total profit (Loss listed with "-")	-85,479,762.31	58,749,158.58
Less: Income tax expenses	772,605.54	-5,177,760.99
IV、 Net profit (Net loss listed with "-")	-86,252,367.85	63,926,919.57
1、 Net profit from continuing operation	-86,252,367.85	63,926,919.57
2、 Net profit from discontinuing operation		
V、 Other comprehensive income net off tax	-	-
(I)Items that may not be reclassified subsequently to the income statement	-	-
1.Change in net asset/liability from remeasurment on defined benefit plan		
2.Under equity method, proportionate share of other comprehensive income in invested company that may not be reclassified subsequently to the income		
3.FV change of other equity instrument investment		
4.FV change of own credit risk		
5.Others		
(II)Items that may be reclassified subsequently to the income statement	-	-
1.Under equity method, proportionate share of other comprehensive income invested company that may be reclassified subsequently to the income statement		
2.FV change of other debt instrument investment		
3.Financial assets reclassified into other comprehensive income		
4.Credit impairment provision of other debt investment		
5.Cash flow hedges effective portion		
6.Foreign currency translation difference		
7.Others		
VI、 Total comprehensive income	-86,252,367.85	63,926,919.57
VIII、 Earnings per share		
(I)Basic earnings per share		
(II)Diluted earnings per share		

Legal Representative: Ji Zhijian Chief Financial Official: Wang Jinxiu Person in Charge of Accounting Organization: Li Sheng

Consolidated Cash Flow Statement

Prepared by Bingshan Refrigeration & Heat Transfer Technologies Co., Ltd. January- December, 2021 Unit: RMB Yuan

Item	This year	Last year
1. Cash flows from operating activities:		
Cash received from sales of goods and rendering of services	1,998,747,405.23	1,538,738,032.26
Net increase in deposits from customers and inter-banks deposits		
Net increase in loans from central bank		
Net increase in loans from other financial institutions		
Cash receipts of premium of direct insurance contracts		
Net cash received from reinsurance contracts		
Net increase in deposits from insurance policy holders and investment		
Cash receipts of interest, fees and commission		
Net increase in placement from banks and other financial institution		
Net increase in sales and repurchase operations		
Entrusted trading of securities		
Cash received from taxes refund	21,514,050.68	18,519,826.50
Cash received relating to other operating activities	64,293,089.54	82,116,067.91
Sub-total of cash inflows from operating activities	2,084,554,545.45	1,639,373,926.67
Cash paid for goods and services	1,501,614,080.55	1,121,134,021.73
Net increase in loans and disbursement to customers		
Net increase in deposit with central bank and inter-banks		
Cash paid for claims of direct insurance contracts		
Net increase of loans to other banks		
Cash paid for interest, fee and commission		
Cash paid for dividends of insurance policies		
Cash paid to and on behalf of employees	350,456,810.15	314,253,416.05
Payments of taxes and surcharges	68,388,963.77	70,148,337.99
Cash paid relating to other operating activities	162,576,472.61	146,980,578.35
Sub-total of cash outflows from operating activities	2,083,036,327.08	1,652,516,354.12
Net cash flows from operating activities	1,518,218.37	-13,142,427.45
2. Cash flows from investment activities:		
Cash received from return of investments	1,703,262.34	3,196,000.00
Cash received from investments income	110,699,788.36	141,629,646.76
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	754,551.68	1,624,834.60
Net cash received from disposal of subsidiaries and other business units	211,198,900.00	37,744,000.00
Cash received relating to other investing activities		
Sub-total of cash inflows from investing activities	324,356,502.38	184,194,481.36
Cash paid to acquire fixed assets, intangible assets and other long-term assets	30,695,331.84	14,869,095.73
Cash paid for investments	45,400,000.00	
Net increase in pledged deposits		
Net cash paid to acquire subsidiaries and other business units		
Cash paid relating to other investing activities		
Sub-total of cash outflow from investing activities	76,095,331.84	14,869,095.73
Net cash flows from investing activities	248,261,170.54	169,325,385.63
3. Cash flows from financing activities		
Cash received from investment absorption		
Including: Cash received by subsidiaries from investment absorption of non-controlling interest		
Cash received from loans granted	263,670,518.89	333,531,600.00
Cash received relating to other financing activities	83,846,329.05	56,489,819.37
Sub-total of cash inflows from financing activities	347,516,847.94	390,021,419.37
Cash paid for settlement of borrowings	336,679,560.00	405,812,000.00
Cash paid for dividends, profits appropriation or payments of interest	24,739,356.41	47,142,841.87
Including: Dividends and profits paid to non-controlling interest		
Cash paid relating to other financing activities	111,987,388.37	78,196,961.15
Sub-total of cash outflows from financing activities	473,406,304.78	531,151,803.02
Net cash flows from financing activities	-125,889,456.84	-141,130,383.65

4. Effect of changes in foreign exchange rate on cash and cash equivalents	100,945.31	-1,601,468.60
5. Net increase in cash and cash equivalents	123,990,877.38	13,451,105.93
Add: Cash and cash equivalents at beginning of year	314,978,460.49	301,527,354.56
6. Cash and cash equivalents at end of year	438,969,337.87	314,978,460.49

Legal Representative: Ji Zhijian Chief Financial Official: Wang Jinxiu Person in Charge of Accounting Organization: Li Sheng

Cash Flow Statement of Parent Company

Prepared by Bingshan Refrigeration & Heat Transfer Technologies Co., Ltd. January- December, 2021 Unit: RMB Yuan

Item	This year	Last year
1. Cash flow from operating activities		
Cash receipts from sale of goods or rendering of services	765,232,022.05	697,805,239.15
Refunds of taxes	-	8,601,797.19
Other cash receipts in operating activities	25,372,394.89	30,807,494.95
Sub-total of cash inflows from operating activities	790,604,416.94	737,214,531.29
Cash payments for goods and services acquired	570,924,816.02	522,795,640.64
Cash payments to and on behalf of employees	106,175,901.94	94,837,857.19
Tax and duties payments	32,561,028.64	38,287,456.09
Other cash payments for operating activities	53,337,644.37	47,268,602.90
Sub-total of cash outflows from operating activities	762,999,390.97	703,189,556.82
Net cash flows from operating activities	27,605,025.97	34,024,974.47
2. Cash flows from investing activities		
Cash receipts from return of investments	1,700,000.00	2,800,000.00
Cash receipts from investments income	113,318,424.61	144,821,456.80
Net cash receipts from disposal of fixed assets, intangible assets and other long-term assets	-	972,185.00
Net cash receipts from disposal of subsidiaries and other businesses	211,198,900.00	37,744,000.00
Other cash receipts in investing activities		
Sub-total of cash inflows from investing activities	326,217,324.61	186,337,641.80
Cash payments for acquired fixed assets, intangible assets and other long-term assets	10,487,613.09	10,438,744.28
Cash payments for investment	54,165,615.00	100,000,000.00
Net cash payments for acquisition of subsidiaries and other businesses		
Other cash payments in investing activities		
Sub-total of cash outflows from investing activities	64,653,228.09	110,438,744.28
Net cash flows from investment activities	261,564,096.52	75,898,897.52
3. Cash flows from financing activities		
Cash received from capital injection		
Cash receipts from borrowings	227,000,000.00	315,011,600.00
Other cash receipts in financing activities	23,123,472.43	743,155.00
Sub-total of cash inflows from financing activities	250,123,472.43	315,754,755.00
Cash paid for settlement of borrowings	311,478,560.00	347,082,000.00
Cash paid for dividends, profits appropriation or payments of interest	21,455,435.22	45,119,746.25
Other cash payments in financing activities	21,611,560.00	23,123,472.43
Sub-total of cash outflows from financing activities	354,545,555.22	415,325,218.68
Net cash flows from financing activities	-104,422,082.79	-99,570,463.68
4. Effect of changes in foreign exchange rate on cash and cash equivalents	-16,318.79	5,763.51

5.Net increases in cash and cash equivalents	184,730,720.91	10,359,171.82
Add: the beginning balance of cash and cash equivalent	185,202,268.28	174,843,096.46
6.The ending balance of cash and cash equivalent	369,932,989.19	185,202,268.28

Legal Representative: Ji Zhijian Chief Financial Official: Wang Jinxiu Person in Charge of Accounting Organization: Li Sheng

Consolidated Statement of Changes in Shareholder's Equity

Prepared by Bingshan Refrigeration & Heat Transfer Technologies Co., Ltd. 2020.01-12 Unit: RMB Yuan

Item	Current year													Minority interests	Total equity
	Equity attributable to the equity holders of the Company											Sub-total			
	Paid-up capital (share capital)	Other equity instrument			Capital reserves	Less: Treasur y shares	Other comprehensiv e income	Special reserves	Surplus reserves	ΔGe neral risk provi sion	Undistribut ed profits		Other s		
preferenc e share	perpetua l bond	others													
1. Balance at end of last year	843,212,507.00	-	-	-	726,768,468.00	-	2,501,459.77	-	805,525,775.33	-	997,601,577.97	-	3,375,609,788.07	73,596,499.65	3,449,206,287.72
Add: Changes in accounting policies															-
Correction of prior periods errors															-
Business combination within the same control															-
Others								-8,839,959.60		-79,559,636.71		-88,399,596.31			-88,399,596.31
2. Balance at beginning of current year	843,212,507.00	-	-	-	726,768,468.00	-	2,501,459.77	-	796,685,815.73	-	918,041,941.26	-	3,287,210,191.76	73,596,499.65	3,360,806,691.41
3. Increase/ Decrease for current year (Decrease listed with "-")	-	-	-	-	-6,552,601.22	-	-322,778.04	-	12,785,383.91	-	-290,277,358.94	-	-284,367,354.29	-26,941,728.15	-311,309,082.44
(I) Total of comprehensive income											-269,059,849.96		-269,059,849.96	-6,129,744.08	-275,189,594.04
(II) Capital contribution and reduction	-	-	-	-	9,571,369.07	-	-	-	-	-	-	-	9,571,369.07	-18,336,984.07	-8,765,615.00
1. Ordinary share															-
2. Capital contributed by other equity instrument holders															-
3. Share-based payments charged to equity															-
4. Others					9,571,369.07								9,571,369.07	-18,336,984.07	-8,765,615.00
(III) Profit appropriations	-	-	-	-	-	-	-	-	12,785,383.91	-	-21,217,508.98	-	-8,432,125.07	-2,475,000.00	-10,907,125.07
1. Appropriation to surplus reserves									12,785,383.91		-12,785,383.91				-
2. Appropriation to general risks provision															-
3. Appropriation to equity holders (or shareholders)													-8,432,125.07	-8,432,125.07	-2,475,000.00
4. Others															-
(IV) Transfer within equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Transfer of capital reserve to capital (share capital)															-
2. Transfer of surplus reserves to capital (share capital)															-
3. Surplus reserves making up of losses															-
4. Carried over the change in net asset/liability from remeasurment on defined benefit plan															-
5. Transfer of other comprehensive to retained earnings															-
6. Others															-
(V) Special reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Provision for special reserve														3,799,007.87	3,799,007.87
2. Utilisation of special reserve														3,799,007.87	3,799,007.87
(VI) Others					-16,123,970.29		-322,778.04						-16,446,748.33		-16,446,748.33
4. Balance at end of current year	843,212,507.00	-	-	-	720,215,866.78	-	2,178,681.73	-	809,471,199.64	-	627,764,582.32	-	3,002,842,837.47	46,654,771.50	3,049,497,608.97

Item	Last year														Minority interests	Total equity
	Equity attributable to the equity holders of the Company												Sub-total			
	Paid-up capital (share capital)	Other equity instrument			Capital reserves	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	ΔGeneral risk provision	Undistributed profits	Others				
	preference share	perpetual bond	others													
1. Balance at end of last year	843,212,507.00		-	-	726,768,468.00	-	2,501,459.77	-	768,723,812.53	-	1,038,358,782.59		3,379,565,029.89	74,562,823.71	3,454,127,853.60	
Add: Changes in accounting policies													-		-	
Correction of prior periods errors													-		-	
Business combination within the same control													-		-	
Others													-		-	
2. Balance at beginning of current year	843,212,507.00		-	-	726,768,468.00	-	2,501,459.77	-	768,723,812.53	-	1,038,358,782.59	-	3,379,565,029.89	74,562,823.71	3,454,127,853.60	
3. Increase/ Decrease for current year (Decrease listed with "-")	-		-	-	-	-	-	-	36,801,962.80	-	-40,757,204.62	-	-3,955,241.82	-966,324.06	-4,921,565.88	
(I) Total of comprehensive income											21,341,133.39		21,341,133.39	1,508,675.94	22,849,809.33	
(II) Capital contribution and reduction	-		-	-	-	-	-	-	-	-	-	-	-	-	-	
1.Ordinary share													-		-	
2.Capital contributed by other equity instrument holders													-		-	
3.Share-based payments charged to equity													-		-	
4.Others													-		-	
(III) Profit appropriations	-	-	-	-	-	-	-	-	36,801,962.80	-	-62,098,338.01	-	-25,296,375.21	-2,475,000.00	-27,771,375.21	
1.Appropriation to surplus reserves									36,801,962.80		-36,801,962.80		-		-	
2.Appropriation to general risks provision													-		-	
3.Appropriation to equity holders (or shareholders)											-25,296,375.21		-25,296,375.21	-2,475,000.00	-27,771,375.21	
4.Others													-		-	
(IV) Transfer within equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
1.Transfer of capital reserve to capital (share capital)													-		-	
2.Transfer of surplus reserves to capital (share capital)													-		-	
3.Surplus reserves making up of losses													-		-	
4.Carried over the change in net asset/liability from remeasurement on defined benefit plan													-		-	
5.Transfer of other comprehensive to retained earnings													-		-	
6.Others													-		-	
(V) Special reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
1.Provision for special reserve								3,239,077.20					3,239,077.20		3,239,077.20	
2.Utilisation of special reserve								3,239,077.20					3,239,077.20		3,239,077.20	
(VI) Others													-		-	
4. Balance at end of current year	843,212,507.00		-	-	726,768,468.00	-	2,501,459.77	-	805,525,775.33	-	997,601,577.97	-	3,375,609,788.07	73,596,499.65	3,449,206,287.72	

Legal Representative: Ji Zhijian

Chief Financial Official: Wang Jinxiu

Person in Charge of Accounting Organization: Li Sheng

Statement of Changes in Shareholder's Equity of Parent Company

Prepared by Bingshan Refrigeration & Heat Transfer Technologies Co., Ltd. 2020.01-12 Unit: RMB Yuan

Item	Current year											
	Paid-up capital (share capital)	Other equity instrument			Capital reserves	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profits	Others	Total equity
		preference share	perpetual bond	others								
1. Balance at end of last year	843,212,507.00	-	-	-	771,270,562.83	-	1,539,359.10	-	805,525,775.33	990,593,941.49	-	3,412,142,145.75
Add: Changes in accounting policies												-
Correction of prior periods errors												-
Others									-8,839,959.60	-79,559,636.71		-88,399,596.31
2. Balance at beginning of current year	843,212,507.00	-	-	-	771,270,562.83	-	1,539,359.10	-	796,685,815.73	911,034,304.78	-	3,323,742,549.44
3. Increase/ Decrease for current year (Decrease listed with "-")	-	-	-	-	-16,123,970.29	-	-322,778.04	-	12,785,383.91	-107,469,876.83	-	-111,131,241.25
(I) Total of comprehensive income										-86,252,367.85		-86,252,367.85
(II) Capital contribution and reduction	-	-	-	-	-	-	-	-	-	-	-	-
1.Ordinary share												-
2.Capital contributed by other equity instrument holders												-
3.Share-based payments charged to equity												-
4.Others												-
(III) Profit appropriations	-	-	-	-	-	-	-	-	12,785,383.91	-21,217,508.98	-	-8,432,125.07
1.Appropriation to surplus reserves									12,785,383.91	-12,785,383.91		-
2.Appropriation to equity holders (or shareholders)										-8,432,125.07		-8,432,125.07
3.Others												-
(IV) Transfer within equity	-	-	-	-	-	-	-	-	-	-	-	-
1.Transfer of capital reserve to capital (share capital)												-
2.Transfer of surplus reserves to capital (share capital)												-
3.Surplus reserves making up of losses												-
4.Carried over the change in net asset/liability from remeasurment on defined benefit plan												-
5.Transfer of other comprehensive to retained earnings												-
6.Others												-
(V) Special reserves	-	-	-	-	-	-	-	-	-	-	-	-
1.Provision for special reserve									3,799,007.87			3,799,007.87
2.Utilisation of special reserve									3,799,007.87			3,799,007.87
(VI) Others					-16,123,970.29		-322,778.04					-16,446,748.33
4. Balance at end of current year	843,212,507.00	-	-	-	755,146,592.54	-	1,216,581.06	-	809,471,199.64	803,564,427.95	-	3,212,611,308.19

Item	Last year											
	Paid-up capital (share capital)	Other equity instrument			Capital reserves	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profits	Others	Total equity
		preference share	perpetual bond	others								
1. Balance at end of last year	843,212,507.00	-	-	-	771,270,562.83	-	1,539,359.10	-	768,723,812.53	988,765,359.93	-	3,373,511,601.39
Add: Changes in accounting policies												-
Correction of prior periods errors												-
Others												-
2. Balance at beginning of current year	843,212,507.00	-	-	-	771,270,562.83	-	1,539,359.10	-	768,723,812.53	988,765,359.93	-	3,373,511,601.39
3. Increase/ Decrease for current year (Decrease listed with "-")	-	-	-	-	-	-	-	-	36,801,962.80	1,828,581.56	-	38,630,544.36
(I) Total of comprehensive income										63,926,919.57		63,926,919.57
(II) Capital contribution and reduction	-	-	-	-	-	-	-	-	-	-	-	-
1.Ordinary share												-
2.Capital contributed by other equity instrument holders												-
3.Share-based payments charged to equity												-
4.Others												-
(III) Profit appropriations	-	-	-	-	-	-	-	-	36,801,962.80	-62,098,338.01	-	-25,296,375.21
1.Appropriation to surplus reserves									36,801,962.80	-36,801,962.80		-
2.Appropriation to equity holders (or shareholders)										-25,296,375.21		-25,296,375.21
3.Others												-
(IV) Transfer within equity	-	-	-	-	-	-	-	-	-	-	-	-
1.Transfer of capital reserve to capital (share capital)												-
2.Transfer of surplus reserves to capital (share capital)												-
3.Surplus reserves making up of losses												-
4.Carried over the change in net asset/liability from remeasurment on defined benefit plan												-
5.Transfer of other comprehensive to retained earnings												-
6.Others												-
(V) Special reserves	-	-	-	-	-	-	-	-	-	-	-	-
1.Provision for special reserve									3,239,077.20			3,239,077.20
2.Utilisation of special reserve									3,239,077.20			3,239,077.20
(VI) Others												-
4. Balance at end of current year	843,212,507.00	-	-	-	771,270,562.83	-	1,539,359.10	-	805,525,775.33	990,593,941.49	-	3,412,142,145.75

Legal Representative: Ji Zhijian

Chief Financial Official: Wang Jinxiu

Person in Charge of Accounting Organization: Li Sheng

III. Notes to the accounting statement

(All amounts in RMB Yuan unless otherwise stated)

Bingshan Refrigeration & Heat Transfer Technologies Co., Ltd (the “Company”) previously named as Dalian Refrigeration Company Limited, was reorganized and reformed from main part of former Dalian Refrigeration Factory. On December 8, 1993, the Company went to the public as a listed company at Shenzhen Stock Exchange Market. On March 20, 1998, the Company successfully went to the public at B share market and listed at Shenzhen Stock Exchange Market with total share capital of RMB350,014,975.00Yuan.

According to the 13th meeting of the 6th generation of board, extraordinary general meeting for 2015 fiscal year and 'Restricted share incentive plan (draft)', the Company planned to introduce A ordinary shares to incentive objectives, which was 10,150,000 number of shares would be granted to 41 share incentive objectives at granted price of RMB5.56Yuan per share. Up to March 12, 2015, the Company received new added share capital of RMB10,150,000.00Yuan.

The general meeting for 2015 fiscal year held on April 21, 2016 approved the profit distribution policy for the year of 2015, which agrees the profit distribution based on the total 360,164,975 number of shares as share capital, paid share dividend of 5 common shares for every 10 shares through capital reserve. The policy stated above was fully implemented on May 5, 2016, and the registered capital was altered to 540,247,462.00Yuan.

The 17th meeting of the 6th generation of board was held on June 4, 2015 and the 2nd interim shareholders' meeting was held on June 24, 2015, meeting deliberated and passed the proposal of non-public offering of 'A shares'. China's Securities Regulatory Commission issued SFC license [2015]3137 on December 30, 2015, approving that new non-public offering cannot exceeded 38,821,954 numbers of shares. The company implemented the post meeting procedures for China's Securities Regulatory Commission, which is regarding adjustment of bottom price and the number of the shares issued after the implementation of profit distribution policy of 2015 in May, 2016, and accordingly revised the upper limit of non-public offering of share to 58,645,096 number of new 'A shares'. The company issued the non-public offering of 58,645,096 number of 'A shares' to 7 investors, and as a result, the total number of shares of the Company is changed to 598,892,558 shares, and the par value is 1yuan per share and the total share capital is 598,892,558.00Yuan.

According to the 'Restricted Share Incentive Plan(draft) of Dalian Refrigeration Company Limited for the year of 2016' and the 'Proposal regarding the shareholders' meeting authorized the board of directors to implement the Restricted Share Incentive Plan' approved on the 3rd provisional general meeting held on September 13, 2016, the 9th meeting of the 7th generation of board deliberated and passed the 'Proposal about granting the restricted shares to incentive targets' on September 20, 2016 and set September 20, 2016 as share granted date, and granted

12,884,000 number of restricted shares to 118 incentive targets at granted price of 5.62Yuan per share. By November 22, 2016, The Company has actually received the newly subscribed registered share capital of 12,884,000.00Yuan subscribed by incentive targets.

On May 19, 2017, the general meeting for 2016 fiscal year was held and profit appropriation scheme for 2016 FY was approved, which was every 10 shares will be increased by 4 shares through capital reserve based on the total 611,776,558 number of shares. After the profit appropriation scheme, the registered capital was changed to RMB856,487,181.00Yuan.

On December 28, 2017, The Company held the 3rd extraordinary shareholders meeting in 2017, and reviewed and approved the “Proposal on Repurchasing and Retiring Partially Restricted Stocks of the 2016 Restricted Stock Incentive Plan”. On March 8, 2018, after The Company's repurchase and cancellation, The Company implemented the corresponding capital reduction procedures according to law. The registered capital of The Company was changed from 856,487,181.00Yuan to 855,908,981.00 Yuan.

On May 4, 2018, The Company held the 21st meeting of the 7th Board of Directors, and reviewed and approved the “Proposal on Repurchasing and Retiring Partially Restricted Stocks of the 2015 Restricted Stock Incentive Plan”. On June 29, 2018, after The Company's repurchase and cancellation, The Company implemented the corresponding capital reduction procedures according to law. The registered capital of The Company was changed from 855,908,981.00 Yuan to 855,434,087 .00Yuan.

On January 17th, 2019, the 1st interim shareholders’ meeting was held and approved for “Proposal on Termination of the 2016 Restricted Stock Incentive Plan and Repurchasing and Retiring Restricted Stocks Plan”. Up to February 25th, 2019, The Company has completed the repurchasing and retiring stocks plan, respectively The Company shall perform the corresponding capital reduction procedures in accordance with the law and the registered capital decreased from 855,434,087.00Yuan to 843,212,507.00Yuan.

On December 20th, 2019, The Company held the 7th meeting of the 8th Board of Directors and approved to change The Company’s name from Dalian Refrigeration Company Limited to Bingshan Refrigeration & Heat Transfer Technologies Co., Ltd.

The old address of the Company’s registered office as same as head office is No.888 Xinan Road, Shahekou District, Dalian, China. In 2017, The Company relocated to new factory and changed its address to No.16 Liaohe East RD, Dalian Economic&Technology Development Zone(‘DDZ’), Dalian China as same as HQ’s address. The parent company of The Company is Dalian Bingshan Group Co., Ltd., and there is no ultimate controller regulated by the relevant law, regulations and rules.

The Company is in industrial manufacturing sector, mainly engaged in industrial refrigeration, refrigerated and frozen food storage, and manufacture and installation of central

air-conditioning and refrigeration equipment. The scope of business includes research and development, design, manufacture, sale, lease, installation and repair of refrigeration and heat equipment, accessories, spare parts, and energy-saving and environmental protection products; Technical services, technical consultation, technical promotion; Design, construction, installation repair and maintenance of complete sets of refrigeration and air conditioning projects, mechanical and electrical installation projects, steel structure projects, anti-corrosion and heat preservation works; Rental of premises; Transport of ordinary goods; Property management; Low temperature storage; Import and export of goods and technologies. (With the exception of projects subject to approval according to law, independently carry out business activities according to law with the business license).

II. The scope of consolidation

There are 14 entities included in the current consolidated financial statements. This year, entities within the consolidation scope aren't changed comparing to last year. For the specific information of the consolidation scope, see the notes of "VII. The Change of Scope of Consolidation" and "VIII. The Equity in Other Entities".

III. Financial Statements Preparation Basis

(1) Preparing basis

The Company's financial statements are prepared on the basis of going concern assumption, according to the actual occurred transactions and events and in accordance with 'Accounting Standards for Business Enterprises' and relevant regulations, and also based on the note IV "Significant Accounting Policies and Accounting Estimates".

(2) Going concern

The Company has the capacity to continually operate within 12 months at least since the end of report period, and hasn't the major issues impacting on the sustainable operation ability.

IV. Significant Accounting Policies and Accounting Estimates

1. Declaration for compliance with accounting standards for business enterprises

The financial statements are prepared by the Company according to the requirements of Accounting Standard for Business Enterprise, and reflect the relative information for the financial position, operating performance, cash flow of the Company truly and fully.

2. Accounting period

The Company adopts the Gregorian calendar year as accounting period from Jan 1 to Dec 31.

3. Operating cycle

The Company sets twelve months for one operating cycle and as the liquidity criterion for assets and liability.

4. Functional currency

The Company adopts RMB as functional currency.

5. Accounting for business combination under same control and not under same control

As an acquirer, the assets and liabilities that the Company obtained in a business combination under the same control should be measured on the basis of their carrying amount in the consolidated financial statements on the combining date. As for the balance between the carrying amount of the net assets obtained by the combining party and the carrying amount of the consideration paid by it, the capital surplus shall be adjusted. If the capital surplus is not sufficient to be offset, the retained earnings shall be adjusted.

For a business combination not under same control, the asset, liability and contingent liability obtained from the acquirer shall be measured at the fair value on the acquisition date. The combination cost shall be the fair value, on the acquisition date, of the assets paid, the liabilities incurred or assumed and equity securities issued by the acquirer in exchange for the control of the acquire, and sum of all direct expenses(if the combination is achieved in stages, the combination cost shall be the sum of individual transaction). The difference when combination cost exceeds proportionate share of the fair value of identifiable net assets of acquire should be recognized as goodwill. If the combination cost is less than proportionate share of the fair value of identifiable net assets of acquiree, firstly, fair value of identifiable asset, liability or contingent liability shall be reviewed, and so the fair value of non-monetary assets or equity instruments issued in the combination consideration , after review, still the combination cost is less than proportionate share of the fair value of identifiable net assets of acquire, the difference should be recognized as non-operating income.

6. Method of preparation of consolidated financial statements

All subsidiaries controlled by the Company and structured entities are within the consolidation scope.

If subsidiaries adopt different accounting policy or have different accounting period from the parent company, appropriated adjustments shall be made in accordance with the Company policy in preparation of the consolidated financial statements.

All significant intergroup transactions, outstanding balances and unrealized profit shall be eliminated in full when preparing the consolidated financial statements. Portion of the subsidiary's equity not belonging to the parent, profit, loss for the current period, portion of other comprehensive income and total comprehensive belonging to minority interest, shall be presented separately in the consolidated financial statements under "minority interest of equity", "minority interest of profit and loss", "other comprehensive income attributed to

minority interest” and “total comprehensive income attributed to minority interest” title.

If a subsidiary is acquired under common control, its operation results and cash flow shall be consolidated since the beginning of the consolidation period. When preparing the comparative consolidated financial statements, adjustments shall be made to relevant items of comparative figures as regarded that reporting entity established through consolidation has been always there since the point when the ultimate controlling party starts to have the control.

If a business consolidation under common control is finally achieved in stages, consolidation accounting method shall be disclosed additionally for the period in which the control is obtained. For example, if a business consolidation under common control is finally achieved in stages, when preparing the consolidated financial statements, adjustments shall be made for the current consolidation status as if consolidation has always been there since the point when the ultimate controlling party starts to control. In preparation of comparative figures, asset and liability of the acquiree shall be consolidated into the Company’s comparative financial statements, but to the extent no earlier than the point when the Company and acquiree are both under ultimate control and relevant items under equity in comparative financial statements shall be adjusted for net asset increased in combination. To avoid the duplicated computation of net asset of acquiree, for long-term equity investment held by the Company before the consolidation, relevant profit and loss, other comprehensive income and movement in other net asset, recognized for the period between the combination date and later date when original shareholding is obtained and when the Company and the acquiree are under common control of same ultimate controlling party, shall be respectively used for writing down the opening balance of retained earnings of comparative financial statements and profit and loss for the current period.

If a subsidiary is acquired not under common control, its operation results and cash flow shall be consolidated since the beginning of the consolidation period. In preparation of the consolidated financial statements, adjustments shall be made to subsidiary’s financial statements based on the fair value of its all identifiable assets, liability or contingent liability on the acquisition date.

If a business consolidation under non-common control is finally achieved in stages, consolidation accounting method shall be disclosed additionally for the period in which the control is obtained. For example, if a business consolidation not under common control is finally achieved in stages, when preparing the consolidated financial statements, the acquirer shall remeasure its previously held equity interest in the acquiree at its acquisition-date fair value and recognize the resulting gain or loss as investment income for the current period. Other comprehensive income, under equity method accounting arising from the interest held in acquiree in relation to the period before the acquisition, and changes in the value of its other equity other than net profit or loss, other comprehensive income and profit appropriation shall be transferred to investment gain or loss for the period in which the acquisition incurs,

excluding the other comprehensive income from the movement on the remeasurement of net asset or liability of defined benefit plan.

When the Company partially disposes of the long –term equity investment in subsidiary without losing the control over it, in the consolidated financial statements, the difference, between disposals price and respective disposed value of share of net assets in the subsidiary since the acquisition date or combination date, shall be adjusted for capital surplus or share premium, no enough capital surplus, then adjusted for retained earnings.

When the Company partially disposes of the long –term equity investment in subsidiary and lose the control over it, in preparation of consolidated financial statements, remaining share of interest in the subsidiary shall be remeasured on the date of losing control. Sum of the share disposal consideration and fair value of remaining portion of shareholding minus the share of the net assets in the subsidiary held based on the previous shareholding percentage since the acquisition date or combination date, the balance of above is recognized as investment gain/loss for the period and goodwill shall be written off accordingly. Other comprehensive income relevant to share investment in subsidiary shall be transferred to investment gain /loss for the period on the date of losing control.

When the Company partially disposes of the long –term equity investment in subsidiary and lose the control over it by stages, if all disposing transactions are bundled, each individual transaction shall be seen as a transaction of disposal of a subsidiary by losing control. The difference between the disposal price and the share of the net assets in the subsidiary held before the date of losing control, shall be recognize as other comprehensive income until the date of losing control where it is transferred into investment gain/ loss for the current period.

7. Joint arrangement classification and joint operation accounting

The Company’s joint arrangement includes joint operation and joint venture. For joint operation, The Company as a joint operator shall recognize its own assets and its share of any assets held jointly, its liabilities and its share of any liabilities incurred jointly, its revenue from the sale of its share of the output arising from the joint operation, its share of the revenue from the sale of the output by the joint operation; and its expenses, including its share of any expenses incurred jointly. When an entity enters into a transaction with a joint operation in which it is a joint operator, such as a sale or contribution of assets, it is conducting the transaction with the other parties to the joint operation and, as such, the joint operator shall recognize gains and losses resulting from such a transaction only to the extent of the other parties’ interests in the joint operation.

8. Cash and cash equivalent

The cash listed on the cash flow statements of the Company refers to cash on hand and bank deposit. The cash equivalents refer to short-term (normally with original maturities of three

months or less) and liquid investments which are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value.

9. Translation of foreign currency

(1) Foreign currency transaction

Foreign currency transactions are translated at the spot exchange rate issued by People's Bank of China ("PBOC") on the 1st day of the month when the transactions incurred. Monetary assets and liabilities in foreign currencies are translated into RMB at the exchange rate prevailing at the balance sheet day. Exchange differences arising from the settlement of monetary items are charged as in profit or loss for the period. Exchange differences of specific borrowings related to the acquisition or construction of a fixed asset should be capitalized as occurred, before the relevant fixed asset being acquired or constructed is ready for its intended uses.

(2) Translation of foreign currency financial statements

The asset and liability items in the foreign currency balance sheet should be translated at a spot exchange rate at the balance sheet date. Among the owner's equity items except "undistributed profit", others should be translated at the spot exchange rate when they are incurred. The income and expense should be translated at spot exchange rate when the transaction incurs. Translation difference of foreign currency financial statements should be presented separately under the other comprehensive income title. Foreign currency cash flows are translated at the spot exchange rate on the day when the cash flows incur. The amounts resulted from change of exchange rate are presented separately in the cash flow statement.

10. Financial assets and financial liabilities

The Company shall recognize a financial asset or a financial liability when the Company becomes party to the contractual provisions of the instrument.

(1) Financial assets

1) Classification, recognition and measurement

The Company shall classify financial assets as measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss on the basis of both the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

A financial asset shall be measured at amortized cost if both of the following conditions are met: ①the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows;②the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. At initial recognition, the Company shall measure the financial asset at its fair value and take any transaction costs that are directly attributable to the financial

asset into account. Subsequently the Company shall measure the financial asset at amortized cost. A gain or loss on a financial asset measured at amortized cost, which isn't any part of hedging relationship shall be recognized in profit or loss when the financial asset is derecognized, impaired, involved in foreign exchange or amortized for any difference arising between the initial recognized amount and due amount by applying effective interest method. The financial assets of this category include: receivable, notes receivable and other receivables.

A financial asset shall be measured at fair value through other comprehensive income if both of the following conditions are met: ①the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and ②the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. At initial recognition, the Company shall measure this financial asset at its fair value and take any transaction costs that are directly attributable to the financial asset into account. A gain or loss on a financial asset measured at fair value through other comprehensive income, which is not part of hedging relationship shall be recognized in other comprehensive income apart from a gain or loss on credit loss, foreign exchange and interest of the financial asset calculated by effective interest method. Accumulated gain or loss previously in the other comprehensive income shall be accounted in the profit or loss account when the financial asset is derecognized. The financial assets of this category include: receivable financing.

The Company recognized interest revenue based on effective interest method. Interest revenue shall be calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for: ①purchased or originated credit-impaired financial assets. For those financial assets, the Company shall apply the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition. ②financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company shall apply the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

The Company designates an investment as fair value measured through other comprehensive income if an equity instrument held is not for trading. Once the decision is made, it is an irrevocable election. At initial recognition, the Company shall measure the equity instrument investment not for trading at its fair value and take any transaction costs that are directly attributable to the financial asset into account. Any other gain or loss (including foreign exchange gain or loss) shall be accounted in other comprehensive income and shall not be subsequently transferred to profit or loss, unless the dividend received is accounted in profit or loss (excluding the recovered investment cost). Accumulated gain or loss previously in the other comprehensive income shall be out of it and into retained earnings when the financial asset is derecognized.

Apart from classified as the amortized cost financial assets and as fair value through other comprehensive income financial assets, a financial asset is classified as fair value through profit or loss. At initial recognition, the Company shall measure this financial asset at its fair value and take any transaction costs that are directly attributable to the financial asset into account. Any gain or loss on FVTPL shall be accounted into profit and loss. The financial assets of this category include: tradable financial asset other non-current financial asset.

A financial asset shall be classified as fair value through profit or loss if it is recognized contingent consideration through business combination, which is not under same control situation.

2) Recognition and measurement of transfer of financial assets

A financial asset is derecognized when any one of the following conditions is satisfied: ①the rights to receive cash flows from the asset is terminated, ②the financial asset has been transferred and the Company transfers substantially all risks and rewards relating to the financial assets to the transferee, ③the financial asset has been transferred to the transferee, the Company has given up its control of the financial asset although the Company neither transfers nor retains all risks and rewards of the financial asset.

In the case where the financial asset as a whole qualifies for the derecognition conditions, the difference between the carrying value of transferred financial asset at the derecognition date and the sum of the consideration received for transfer and the accumulated amount of changes in fair value in respect of the amount of partial derecognition (financial assets involved in transfer must qualify the following conditions: the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding) , that was previously recorded under other comprehensive income is transferred into profit or loss for the period.

In the case where only part of the financial asset qualifies for derecognition, the carrying amount of financial asset being transferred is allocated between the portions that to be derecognised and the portion that continued to be recognised according to their relative fair value. The difference between the amount of consideration received for the transfer and the accumulated amount of changes in fair value that was previously recorded in other comprehensive income for the asset partially qualified for derecognition (the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding) and the above-mentioned allocated carrying amount is charged to profit or loss for the period.

(2) Financial liabilities

1) Classification, basis for recognition and measurement

The company shall classify all financial liabilities as subsequently measured at amortized cost by applying effective interest method, except the followings:

① financial liability measured at fair value through profit or loss including tradable financial liability (derivative instrument of financial liability included) and designated as financial liability measured at fair value through profit or loss. They are subsequently measured at fair value. The net gain or loss arising from changes in fair value, dividends and interest paid related to such financial liabilities are recorded in profit or loss for the period in which they are incurred.

② financial assets transfers that do not qualify for derecognition or financial liability is formed from continuing involvement in transferred assets. This type of liability shall be measured in accordance with the financial assets transfer standard.

③ financial guarantee contract not in the above category of ① or ② and loan commitment which is not in the category ① at the below the market loan rate.

After initial recognition, the Company as an issuer of such a contract shall subsequently measure it at the higher of: the amount initially recognized less the cumulative amount of income recognized in accordance with the revenue standards and the amount of the loss allowance determined in accordance with the financial instrument impairment standard.

The Company shall account the financial liability as it measured at fair value through profit or loss if the financial liability is formed by contingent consideration recognized by the buyer through business combination that is not under common control.

2) Financial liability derecognition

A financial liability is derecognized when the underlying present obligations or part of it are discharged. Existing financial liability shall be derecognized and new financial liability shall be recognized when the Company signs the agreement with creditor to undertake the new financial liability in replacement of existing financial liability, and the terms of agreement are different in substance. Any significant amendment to the agreement as a whole or part of it is made, then the existing liabilities or part of it shall be derecognized and financial liability after terms amendment shall be recognized as a new financial liability. The difference between the carrying amount of the financial liability derecognized and the consideration paid is recognized in profit or loss for the period.

(3) Fair value measurement of financial asset and financial liability

The Company uses the price in the primary market for financial assets and liability fair value measurement, if no primary market exists, the price in the most advantageous market shall be used for fair value measurement and applicable valuation techniques which enough data is

available for and supported by other information shall be adopted. Input for fair value measurement has 3 levels: level 1 input is the unadjusted quoted price for identical asset or liability available at the active market on the measurement date; level 2 input is the directly or indirectly observable input for relevant asset or liability apart from level 1 input; level 3 input is the unobservable input for relevant asset or liability.

(4) Financial asset and financial liability offset

Financial asset and financial liability shall be presented in the balance sheet separately and cannot be offset, unless the following conditions are all met: ①the Company has the legal right to recognized offset amount and the right is enforceable. ②the Company plans to receive or a legal obligation to pay cash at net amount.

(5) Distinguishment between financial liability and equity instrument and accounting

Financial liability and equity instrument shall be distinguished in accordance with the following standards: ① if the Company cannot unconditionally avoid paying cash or financial asset to fulfil a contractual obligation, the contractual obligation is qualified or financial liability. For certain financial instrument, although there are no clear terms and conditions to include obligation of paying cash or other financial liability, contractual obligation may indirectly be formed through other terms and conditions. ② the Company's own equity instrument shall also be considered whether it is the substitute of cash, financial asset or it is the remaining equity, after the issuer deducts liability, enjoyed by the equity holder, if it must or can be used to settle a financial asset. If the former, the instrument is a financial liability of the issuer, otherwise it is an equity instrument of the issuer. In certain circumstances, financial instrument contract is classified as financial liability, if financial instrument contract specifies the Company must or can use its own equity to settle the financial instrument, the contractual amount of right or obligation equals to that of the numbers of own equity instrument available or to be paid multiplied by fair value when settling, nevertheless the amount is fixed, or varied partially or fully based on the its own equity's market price(such as interest rate, certain commodity's or financial instrument's price variance).

When classifying a financial instrument (or its component) in the consolidated statements, the Company takes all terms and conditions agreed by the Company member and instrument holder into consideration. If the Company due to the instrument, as a whole, bears settlement obligation by paying cash, other financial asset or other means resulted in financial liability, the instrument shall be classified as financial liability.

If a financial instrument or its component is financial liability, any gain or loss, interest, dividend, and any gain or loss from buy back or refinancing shall be accounted in profit or loss.

If a financial instrument or its component is an equity instrument, when it was issued (including refinancing), bought back, sold or withdrawn, any change shall be regarded as equity change

and no fair value change shall be recognized.

(6) Financial asset impairment

Based on expected credit loss, the Company shall apply the impairment requirements for the recognition and measurement of a loss allowance for the followings: ① a financial asset measured at amortized cost; ② a financial asset measured at FVTOCI(the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.); ③ lease receivable; ④ a contractual asset.

Expected credit loss is the weighted average of credit losses with the respective risks of a default occurring as the weights. A credit loss herein is referred to as the present value, at original effective rate, of the difference between the contractual cash flows that are due to the Company under the contract; and the cash flows that the Company expects to receive, that's the present value of the total cash shortage.

The Company shall always measure the loss allowance at an amount equal to lifetime expected credit losses for the following items: ①receivables or contract assets originated from trade within regulation of Accounting Standard for Business Enterprises No. 14 – Revenue, regardless any significant financing component is contained. ②Receivable of finance lease payment ③ receivable of operating lease payment.

Apart from the above items, other financial assets shall be assessed for impairment loss allowance ①if the credit risk on a financial instrument has not increased significantly since initial recognition, the Company shall measure the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. ②if there have been significant increases in credit risk, the Company shall measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses, at the reporting date. ③ if purchased or originated financial asset is impaired, the Company shall measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses, at the reporting date.

For a financial asset measured at FVTOCI(the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.) , the Company shall apply the impairment requirements for the recognition and measurement of a loss allowance for financial assets that are measured at fair value through other comprehensive income. However, the loss allowance shall be recognized in other comprehensive income, impairment loss or gain shall be accounted into profit and loss and shall not reduce the carrying amount of the financial asset in the statement of financial position. Credit loss allowance

increase or reverse for financial instrument other than a financial asset measured at FVTOCI shall be accounted into profit and loss as impairment loss or gain.

1) Assessment of significant increase in credit risk

At each reporting date, the Company shall assess whether the credit risk on a financial instrument has increased significantly since initial recognition. To make that assessment, the Company shall compare the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. However, 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 at the reporting date. In general, if the contractual payments are more than 30 days past due, it indicates the increase in the credit risk unless reasonable and supportable information, which is available without undue cost or effort to indicate no significant increases in credit risk since initial recognition, even though the contractual payments are more than 30 days past due. The Company considers reasonable and supportable information, that is available without undue cost or effort including forward looking.

If in the aspect of individual instrument, the Company can't obtain sufficient evidence about credit risk increased significantly at a reasonable cost, but portfolio evaluation is feasible, the Company will group the instruments and assess whether the credit risk increased significantly based on the portfolio in accordance with the common characteristics of credit risk of financial instrument.

2) Measurement of expected credit losses

The Company shall measure expected credit losses of a financial instrument in a way that reflects: ① an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes; ② the time value of money; and ③ reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Company determines the credit loss of lease receivable and financial guarantee contracts based on the individual asset or contract.

The Company determines the expected credit loss of trade receivable and contract asset on the basis of portfolios, which are considered by expected credit loss measurement reflection, by reference to historical experience of credit loss and by comparison of receivable past due days/ receivable age with default risk rate, unless the single credit loss is separately recognized for contractual payments that is significant in amount and credit impaired.

The Company determines the expected credit loss of a financial asset measured at FVTOCI (the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial

asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.) and a financial asset measured at amortized cost on the basis of portfolio unless the single credit loss is separately recognized for contractual payments that is significant in amount and credit impaired.

The Company groups the financial instruments based on the portfolio in accordance with the common characteristics of credit risk which involves type of financial instrument, credit risk grade, geographic location and industry of debtors.

The Company measures the expected credit loss on financial instrument based on the followings:

① financial asset, credit loss is the present value of difference between the receivable of contracted cashflow and expected cashflow.

② lease receivable, credit loss is the present value of difference between the receivable of contracted cashflow and expected cashflow. Cash flow used for measurement of credit loss is consistent with the cash flow used for lease receivable in accordance with leasing standard.

The Company adopts simplified approach for trade receivables, contract assets that do not contain a significant financing component, and shall always measure the loss allowance at an amount equal to lifetime expected credit losses.

Impairment requirements is to assess whether credit risk has been significantly increased since initial recognition at each reporting date, if there have been significant increases in credit risk, the Company shall measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses, at the reporting date, if the credit risk on a financial instrument has not increased significantly since initial recognition, the Company shall measure the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

When assessing expected credit losses, the Company considers all reasonable and supportable information, including that which is forward-looking.

The Company shall measure expected credit losses of a financial instrument in a way that reflects: an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes; The time value of money; and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Company directly lowers the book value of the financial asset when contractual cash flow cannot be fully or partially recollectd within rational expectation any longer.

The Company also assesses the expected credit loss of financial asset measured at amortized cost based on age portfolio, other than past due credit loss assessment based on individual item.

11. Provision for Impairment of Trade receivables

The Company's receivables include notes receivable, receivable, receivable expected credit loss recognition and accounting.

(1) Recognition of provision for impairment

On the basis of expected credit loss, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses for trade receivables which do not contain a significant financing component and are generated in accordance with No 14-Revenue Standard of Accounting Standard for Business Enterprise. For trade receivables which do contain a significant financing component, the Company chooses as its accounting policy to measure the loss allowance at an amount equal to lifetime expected credit losses.

If the receivable is generated from transactions in accordance with No14-Revenue Standard and despite any significant financing component is contained or not, it shall be measured for the loss allowance at an amount equal to lifetime expected credit losses.

(2) Expected credit loss risk portfolio assessment method based on portfolio

The Company separately assesses the credit risk of financial assets which have significantly different the credit risk, such as receivable with dispute or involved in litigation and arbitration; There are clear signs indicating the debtor is unlikely to fulfill the repayment obligations of the receivables or the receivables with significantly different credit risk due to contacted repayment etc.

Apart from the financial asset to be assessed for credit risk separately, the Company divides the financial assets into different group based on common characteristics of risk and assesses the risk based on the portfolio.

①Notes receivable

Based on the acceptor credit risk of notes receivable as the common risk characteristics, it is divided into different categories and determined for expected credit loss accounting estimate policy.

Portfolio category	Expected credit loss accounting estimate policy
Bank acceptance note portfolio	Lower credit risk assessed by the management, no expected credit loss recognition
Commercial acceptance note portfolio	Same as receivables portfolio and provided for excepted credit loss allowance based on expected credit loss rate

②Trade receivables and other receivables

Apart from the trade receivables and other receivables to be assessed for credit risk separately, based on the counterparty as the common risk characteristics, it is divided into different categories and determined for expected credit loss accounting estimate policy.

Portfolio category	Expected credit loss accounting estimate policy
Related parties portfolio within the consolidation	Lower credit risk assessed by the management, no expected credit loss recognition
Other related parties and non-related parties portfolio	Excepted credit loss rate for allowance

The Company prepares the comparison table between receivables aging and expected credit loss rate within lifetime and work out the expected credit loss by reference to historical credit loss experience in combination with current situation and future forecast of economy condition.

The Company shall measure expected credit losses of a financial instrument in a way that reflects: an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes; The time value of money; and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Company prepares the comparison table between receivables aging and fixed provision rate and work out the expected credit loss by reference to historical credit loss experience.

On the balance sheet date, expected credit loss of receivable shall be calculated. If the expected credit loss is larger than the book value of the provision of receivable impairment, the difference shall be recognized as receivable impairment loss, debit to “credit impairment loss”, credit to “provision for bad debt”. Alternatively, the difference is recognized as impairment gain and reversed journal entry shall be made.

Actually incurred credit loss shall be debit to “provision for bad debt”, credit to “notes receivable”, “receivable”, “other receivable” based on the approved amount to be written off as it is assured as uncollectible receivable. If the amount to be written off is bigger than the provision for impairment loss, the difference is debit to “credit impairment loss”

12. Receivable financing

During the liquidity management of the Company, majority of the bill receivables is endorsed or discounted prior to the bill due date and endorsed or discounted bill receivables are derecognized after the all risks and rewards have been transferred to the counter party. The business model for managing bill receivables is not only for collecting contractual cash flows but also for selling the financial assets as its objective, therefore it is classified as financial assets that are measured at fair value through other comprehensive income

13. Other receivable

Other receivable shall be measured based on the followings:① the credit risk on a financial asset has not increased significantly since initial recognition, the Company shall measure the loss allowance at an amount equal to 12-month expected credit losses.② there have been significant increases in credit risk, the Company shall measure the loss allowance for a financial

instrument at an amount equal to the lifetime expected credit losses. ③purchased or originated credit-impaired financial assets, the Company shall measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses.

Assessment is based on the portfolio. The Company is unable to obtain the sufficient evidence on the credit risk significant increase at the rational cost at individual instrument level, but it is feasible to assess whether the credit risk increased significantly based on the portfolio. Therefore, the Company groups the other receivable for credit risk increase assessment based on the common risk characteristic such as age, nature and the industry in which debtors are.

14. Inventories

Inventories are materials purchasing, raw material, low-valuable consumable, materials processed on commission, working-in-progress, semi-finished goods, variance of semi-finished goods, and finished goods, etc.

The inventories are processed on perpetual inventory system, and are measured at their actual cost on acquisition. Weighted average cost method is taken for measuring the inventory dispatched or used. Low value consumables and packaging materials is recognized in the income statement by one-off method.

After year-end thorough inventory check, at the balance sheet date inventory impairment should be provided or adjusted according to inventory category. For the finished goods, raw material held for sale and work-in-progress etc which shall be sold directly, the net realizable value should be confirmed at the estimated selling price less estimated selling expenses and related tax and expenses. The raw material held for production, its realizable value should be confirmed at the estimated selling price of finished goods less estimated cost of completion, estimated selling expenses and related tax.

15. Contract asset

(1) Recognition and criterion

Contract asset is an entity's right to consideration in exchange for goods or services that the entity has transferred to a customer when that right is conditioned on something other than the passage of time. For example, the Company sold two goods that can be clearly distinguished to the client, then the Company has the right to consideration in exchange of the goods because one of the goods are delivered, but the consideration's collection is conditioned on the other goods delivery, in this case, the right to consideration shall be recognized as contract asset.

(2) Expected credit loss recognition and accounting of contract asset

Expected credit loss recognition of contract asset is referred to the Note XI. Provision for Impairment of Trade receivables.

On the balance sheet date, expected credit loss of contract asset shall be calculated and the difference shall be recognized as the impairment loss if the loss figure worked out is bigger than the carrying amount of the provision for impairment of contract asset, and debit “asset impairment loss”, credit “provision for impairment of contract asset”. On the contrary, the Company shall recognize the difference as impairment profit and keep the opposite accounting record.

If the actual credit loss incurred and the contract asset is unable to be collected with confirmation, after the approval is given, the loss shall be written off based on the approved amount and debit “provision for impairment of contract asset”, credit “contract asset”. If the amount to be written is greater than the provision, the difference shall be debited to “asset impairment loss”.

16. Contract cost

(1) Assets recognition methods in relation to contract cost

Assets relevant to contract cost in the Company include cost to fulfill the contract and cost to obtain a contract.

If the costs incurred in fulfilling a contract with a customer are not within the scope of another Standard, an entity shall recognize an asset from the costs incurred to fulfill a contract only if those costs meet all of the following criteria: the costs relate directly to a contract or to an anticipated contract, including direct labor, direct materials and overheads which is clearly stated to be borne by the client and any other cost in line with the contract; the costs enhance resources of the entity that will be used in performance obligations in the future; and the costs are expected to be recovered.

An entity shall recognize an asset as the incremental costs of obtaining a contract with a customer if the entity expects to recover those costs. An entity may recognize the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset is one year or less. The incremental costs of obtaining a contract are those costs that an entity incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained (for example, a sales commission). Costs to obtain a contract that would have been incurred rather than the incremental cost expected to be recovered shall be recognized as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

(2) Amortization of asset relevant to contract cost

An asset recognized in accordance with contract cost shall be amortized on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates.

(3) Impairment of asset relevant to contract cost

When determining the impairment loss of the assets related to the contract cost, the Company shall firstly determine the impairment loss of the assets related to the contract that are recognized in accordance with the other accounting standards. If the book value of the asset is higher than the remaining consideration expected to be obtained by the Company for the transfer of the goods related to the asset and the estimated cost to be incurred for the transfer of the goods related to the asset, the excess part shall be withdrawn as an impairment provision and recognized as an impairment loss of the asset.

An entity shall recognize in profit or loss a reversal of some or all of an impairment loss previously recognized when the impairment conditions no longer exist or have improved. The increased carrying amount of the asset shall not exceed the amount that would have been determined (net of amortization) if no impairment loss had been recognized previously.

17. Long-term receivable

Refer to 10. (6) Impairment of financial assets.

18. Long-term equity investment

Long term equity investments are the investment in subsidiary, in associated company and in joint venture.

Joint control is the contractual agreement sharing of control over an economic activity by all participants or participants' combination and decisions or policies relating to the operating activity of the entity require the unanimous consent of the parties sharing the control.

Significant influence exists when the entity directly or indirectly owned 20% or more but less than 50% shares with voting rights in the investee company. If holding less than 20% voting rights, the entity shall also take other facts or circumstances into accounts when judging any significant influences. Factors and circumstances include: representation on the board of directors or equivalent governing body of the investee, participation in financial or operating activities policy-making processes, material transactions between the investor and the investee, interchange of managerial personnel or provision of essential technical information.

When control exists over an investee, the investee is a subsidiary of an entity. The initial investment cost for long-term equity investment acquired through business combination under common control, is the carrying amount presented in the consolidated financial statements of the share of net assets at the combination date in the acquired company. If the carrying amount of net assets at the combination date in the acquired company is negative, investment shall be recognized at zero.

If the equity of investee under common control is acquired by stages and business combination incurs in the end, an entity shall disclose the accounting method for long-term equity investment in the parent financial statement as a supplemental. For example, if the equity of investee under common control is acquired by stages and business combination incurs in the end, and it's a

bundled transaction, the entity shall regard all transactions as a one for accounting. If it's not a bundled transaction, the carrying amount presented in the consolidated financial statements of the share of net assets at the combination date in the acquired company since acquisition is determined as for the initial cost of long-term equity investment. The difference between the cost initially recognized and carrying amount of long-term equity investment prior to the business combination plus the newly paid consideration for further share acquired, and capital reserve shall be adjusted accordingly. If no enough capital reserve is available for adjustment, retain earnings shall be adjusted.

If long-term equity investment is acquired through business combination not under common control, initial investment cost shall be the combination cost.

If the equity of investee not under common control is acquired by stages and business combination incursion the end, an entity shall disclose the accounting method for long-term equity investment in the parent financial statement as a supplemental. If the equity investment of investee not under common control is acquired by stages and business combination incursion the end, and it's a bundled transaction, the entity shall regard all transactions as a one for accounting. If it's not a bundled transaction, the carrying amount of the equity investment held previously plus newly increased investment cost are taken as the initial investment cost under cost model. If equity investment is held under equity method before the acquisition date, other comprehensive income under equity method previously shall not be adjusted accordingly. When disposing of the investment, the entity shall adopt the same basis as the investee directly disposing of related assets or liability for accounting treatment. Prior to acquisition date, if the share is designated as non-tradable equity instrument measured at FV through other comprehensive income, the accumulated change on fair value previously recorded in other comprehensive can not be transferred into current profit and loss.

Apart from the long-term equity investments acquired through business combination mentioned above, the cost of investment for the long-term equity investments acquired by cash payment is the amount of cash paid. For long-term equity investment acquired by issuing equity instruments, the cost of investment is the fair value of the equity instrument issued. For long-term equity investment injected to the entity by the investor, the investment cost is the consideration as specified in the relevant contract or agreement.

The Company adopts cost method to account for investment in subsidiary and equity method for investment in joint venture and affiliate.

Long-term equity investment subsequently measured under cost model shall increase the carrying amount of investment by adjusting the fair value of additional investment and relevant transaction expenses. Cash dividend or profit declared by investee shall be recognized as investment gain/loss for the period based on the proportion share in the investee.

Long-term equity investment subsequently measured under equity method shall be adjusted for its carrying amount according to the share of equity increase or decrease in the investee. The entity shall recognize its share of the investee's net profits or losses based on the fair value of the investee's individual identifiable assets at the acquisition date, after making appropriate adjustments thereto in conformity with the accounting policies and accounting period, and offsetting the unrealized profit or loss from internal transactions entered into between the entity and its associates and joint ventures according to the shareholding attributable to the entity and accounted for as investment income and loss based on such basis.

On disposal of a long-term equity investment, the difference between the carrying value and the consideration actually received is recognized as investment income for the period. For long-term investments accounted under equity method, other comprehensive income recorded shall be accounted on the same basis as the investee directly disposing of related assets or liability when equity method is not used any longer. The movements of shareholder's equity, other than the net profit or loss, other comprehensive income and profit distribution previously recorded in the shareholder's equity of the Company are recycled to investment income for the period on disposal.

Where the entity has no longer joint control or significant influence in the investee company as a result of partially disposal of the investment, the remaining investment will be accounted for in line with the Recognition and Measurement of Financial Instruments Standard -No 22 of Accounting Standards for Business Enterprises(No7 Caikuai [2017]), and the difference between the fair value of remaining investment at the date of losing joint control or significant influence and its carrying amount shall be recognized in the profit or loss for the year. Other comprehensive income recognized from previous equity investment under equity model shall be accounted for and carried over on the same basis as the investee directly disposing of related assets or liability when stopping using under equity model. The movements of shareholder's equity, other than the net profit or loss, other comprehensive income and profit distribution previously recorded in the shareholder's equity of the Company are recycled to investment income for the period on disposal.

Where the entity has no longer control over the investee company as a result of partially disposal of the investment, the remaining investment will be changed to be accounted for using equity method providing remaining joint control or significant influence over the investee company. The difference between carrying amount of disposed investment and consideration received actually shall be recognized in the profit and loss for the period as investment gain or loss, and investment shall be adjusted accordingly as if it was accounted for under equity model since acquisition. Where the entity has on longer joint control or significant influence in the investee as a result of disposal, the investment shall be changed to be accounted for in accordance with the Recognition and Measurement of Financial Instruments Standard -No 22 of

Accounting Standards for Business Enterprises(No7 Caikuai [2017]), and difference between the carrying amount and disposal consideration shall be recognized in profit and loss for the period, and the difference between the fair value of remaining investment at the date of losing control and its carrying amount shall be recognized in the profit or loss for the year as investment gain or loss.

If the entity loses its control through partially disposal of investment by stages and it's not a bundled transaction, the entity shall account for all transactions separately. If it's a bundled transaction, the entity shall regard all transactions as one disposal of subsidiary by losing control, but the difference between disposal consideration and carrying amount of the equity investment disposed prior to losing control, which arises from each individual transaction shall be recognized as other comprehensive income until being transferred into profit and loss for the period by the time of losing control.

19. Investment property

The investment property includes property and building and measured at cost model

Category	Useful life (years)	Estimated net residual value rate (%)	Annual depreciation rate
Housing and Buildings	40	3%	2.43%

20. Fixed assets

Recognition criteria of fixed assets: defined as the tangible assets which are held for the purpose of producing goods, rendering services, leasing or for operation & management, and have more than one year of useful life.

Fixed assets shall be recognized when the economic benefit probably flows into the Company and its cost can be measured reliably. Fixed assets include: building, machinery, transportation equipment, electronic equipment and others.

All fixed assets shall be depreciated unless the fixed assets had been fully depreciated and are still being used and land is separately measured. Straight-line depreciation method is adopted by the Company. Estimated net residual value rate, useful life, depreciation rate as follows:

No	Category	Useful life (years)	Estimated net residual value rate (%)	Annual depreciation rate
1	Housing and Buildings	20-40	3%,5%,10%	2.25-4.85%
2	Machinery equipment	10-22	3%,5%,10%	4.09-9.7%
3	Transportation equipment	4-15	3%,5%,10%	6-24.25%
4	Electronic equipment	5	3%,5%,10%	18-19.4%
5	Others equipment	10-15	3%,5%,10%	6-9.7%

The Company should review the estimated useful life, estimated net residual value and depreciation method at the end of each year. If any change has occurred, it shall be regarded as a change in the accounting estimates.

21. Construction in progress

Constructions in progress are carried down to fixed assets based on the construction budget and actual costs on the date when completing and achieving estimated usable status, and the fixed assets should be withdrawn depreciation in the next month. Adjustment will be conducted upon confirmation of their actual values after implementing the completion and settlement procedures.

22. Borrowing costs

The borrowing costs incurred which can be directly attribute to the fixed assets, investments properties, inventories requesting over 1 year purchasing or manufacturing so to come into the expected condition of use or available for sale shall start to be capitalized when expenditure for the assets is being occurred, borrowing cost has occurred, necessary construction for bringing the assets into expected condition for use is in progress. The borrowing costs shall stop to be capitalized when the assets come into the expected condition of use or available for sale. The borrowing costs subsequently incurred should be recorded into profit and loss when occurred. The borrowing costs should temporarily stop being capitalized when there is an unusual stoppage of over consecutive 3 months during the purchase or produce of the capitalized assets, until the purchase or produce of the asset restart.

The borrowing costs of special borrowings, deducting the interest revenue of unused borrowings kept in the bank or the investment income from transient investment should be capitalized. The capitalized amount of common borrowings should be calculated as follows: average assets expenditure of the accumulated assets expenditure exceeds the special borrowing, multiplied by the capital rate. The capital rate is the weighted average rate of the common borrowings.

23. Right-of-use assets

An asset that represents a lessee's right to use an underlying asset for the lease term.

(1) Initial recognition

At the commencement date, a lessee shall measure the right-of-use asset at cost.

The cost of the right-of-use asset shall comprise:

- ① the amount of the initial measurement of the lease liability,
- ② any lease payments made at or before the commencement date, less any lease incentives received, which is the incremental cost for the lease

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- ③ any initial direct costs incurred by the lessee which is the incremental cost
 - ④ an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

(2) Subsequent measurement

After the commencement date, a lessee shall measure the right-of-use asset applying a cost model. To apply a cost model, a lessee shall measure the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses; and adjusted for any remeasurement of the lease liability specified in the lease standard

Depreciation of right-of -use asset

Since the commencement date, the Company shall depreciate the right-of-use asset. Depreciation shall be made in the month of lease commencement and shall be accounted in the cost of related asset or profit and loss.

When determining the depreciation method, straight line method is used for depreciation based on the expected way of consuming of economic benefit related to the right-of-use asset.

The Company shall follow the following principles when determining the depreciation life of the use-right asset: if the ownership of the leased asset can be reasonably determined at the end of the lease term, depreciation shall be calculated and deducted during the remaining service life of the leased asset; Where it is not certain that the ownership of the leased asset can be acquired at the end of the lease term, depreciation shall be calculated during the period of the shorter of the lease term and the remaining service life of the leased asset.

Impairment

The Company shall depreciate the right-of-use asset subsequently based on the book value after impairment loss deduction if impairment is applicable.

24. Intangible assets

The intangible assets of the Company refer to land use right and software, patent, non-patented technology and other intangible asset should be measured at actual costs. For acquired intangible assets, the actual costs are measured at actual price paid and relevant other expenses. The cost invested into intangible assets by investors shall be determined according to the stated value in the investment contract or agreement, except for those of unfair value in the contract or agreement, which the actual costs should be determined by the fair value.

Land use right shall be amortized evenly within the amortization period since the remised date.ERP system software and other intangible assets are amortized over the shortest of their

estimated useful life, contractual beneficial period and useful life specified in the law. Amortization charge is included in the cost of assets or expenses, as appropriate, for the period according to the usage of the assets. At the end of the year, for definite life of intangible assets, their estimated useful life and amortization method shall be assessed. Any change shall be treated as change on accounting estimate.

25. Impairment of long-term assets

The Company assesses at each balance sheet date whether there is any indication that long-term equity investments, investment property, fixed assets, construction in progress, right-of-use assets and intangible assets with definite useful life may be impaired. If there is any indication that an asset may be impaired, the asset will be tested for impairment. Goodwill and intangible asset with infinite useful life are tested for impairment annually no matter there is any indication of impairment or not.

Estimate of recoverable amount is the higher of its fair value less costs to sell and the present value of the future cash flows expected to be derived from the asset.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount shall be impaired and the difference is recognized as an impairment loss and charged to profit or loss for the period. Once an impairment loss on the assets is recognized, it is not reversed in a subsequent period.

After assets impairment loss is recognized, depreciation and amortization of the impaired asset shall be adjusted in the following period so that the adjusted carrying amount (less expected residual value) can be depreciated and amortized systematically within the remaining life.

Goodwill arising in a business combination and intangible asset with infinite useful life are tested for impairment annually no matter there is any indication of impairment or not.

When assessing goodwill for impairment, the carrying amount of goodwill shall be allocated evenly to the assets group or assets portfolio. When testing the assets group or assets portfolio including goodwill, if there is any indication of impairment, ignoring the goodwill and testing the assets group or assets portfolio alone so to work out the recoverable amount and comparing to its carrying amount and recognize the impairment loss. After that, testing the assets group or assets portfolio with goodwill together, comparing the carrying amount of the assets group or assets portfolio (including goodwill allocation) with recoverable amount, goodwill impairment shall be recognized when the recoverable amount is lower than its carrying amount.

26. Long-term deferred expenses

Long-term deferred expenses of the Company refer to leasing expenses, redecoration expense and others. The expenses should be amortized evenly over the beneficial period. If the

deferred expense cannot take benefit for the future accounting period, the unamortized balance of the deferred expenses should be transferred into the current profit or loss. The amortization period should be determined by the contract. If the contract without the amortization period specification, leasing expenses will be amortized within 10 years and 30years; redecoration expense and others will be amortized within 3 years.

27. Contract liability

An entity's obligation to transfer goods or services to a customer for which the entity has received consideration (or the amount is due) from the customer. If a customer pays consideration, or an entity has a right to an amount of consideration that is unconditional before the entity transfers a good or service to the customer, the entity shall present the contract as a contract liability when the payment is made or the payment is due (whichever is earlier).

28. Employee benefits

Employee's benefit comprises short-term benefit, post-employment benefit, termination benefit and other long-term employee's benefit.

Short-term benefit includes salary, bonus, allowance, welfare, social insurance, housing funds, labor union expense, staff training expense, during the period in which the service rendered by the employees, the actually incurred short term employee benefits shall be recognized as liability and shall be recognized in P&L or related cost of assets based on benefit objective allocated from the service rendered by employees.

Post-employment benefits include the basic pension scheme and unemployment insurance etc. Based on the risk and obligation borne by the Company, post-employment benefits are classified into defined contribution plan and defined benefit plan. For defined contribution plan, liability shall be recognized based on the contributed amount made by the Company to separate entity at the balance sheet date in exchange of employee service for the period and it shall be recorded into current profit and loss account or relevant cost of assets in accordance with beneficial objective.

Termination benefits are employee's benefit payable as a result of either an entity's decision to terminate an employee's employment before the contract due date or an employee's decision to accept voluntary redundancy in exchange for those benefits. An entity shall recognize the termination benefits as a liability and an expense at the earlier date when the entity cannot unilateral withdraw the termination benefits due to employment termination plan or due to redundancy suggestion, or when the entity can recognize the restructuring cost or expense arising from paying termination benefits.

Other long-term employee's benefit refers to all other employee benefits other than short-term benefit, post-employment benefit and termination benefit.

If other long-term employee's benefit is qualified as defined contribution plan, contribution made shall be recognized as liabilities accordingly for the period in which the service are rendered by the employee and recognized in the profit or loss for the current period or relevant cost of assets. Except other long-term employee's benefit mentioned above, obligation arising from defined benefit plan shall be recognized in the profit or loss for the current period or relevant cost of assets in accordance with the period when the service are rendered by the employee.

29. Lease obligation

(1) Initial measurement of the lease liability

At the commencement date, a lessee shall measure the lease liability at the present value of the lease payments that are not paid at that date.

1) The lease payments

The lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date: ① fixed payments (including in-substance fixed payments) less any lease incentives receivable; ② variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; ③ the exercise price of a purchase option if the lessee is reasonably certain to exercise that option ④ payments of penalties for terminating the lease, if the lessee will certainly exercise an option to terminate the lease during the lease term. ⑤ amounts expected to be payable by the lessee under residual value guarantees;

2) Discount rate

When calculating the present value of the lease payments, interest rate implicit in the lease shall be used. The rate of interest that causes the present value of the lease payments and the unguaranteed residual value to equal the sum of the fair value of the underlying asset and any initial direct costs of the lessor. If the rate cannot be readily determined, the Company shall use the lessee's incremental borrowing rate, which is the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The implicit interest rate is relevant to the followings: ① the Company's own situation: solvency and creditability ② "borrow term": lease term ③ "borrowed fund" amount: lease liability amount ④ "pledge condition": nature and quality of underlying assets ⑤ economic environment includes the jurisdiction in which the lessee is located, the currency of denomination, and when the contract was signed. The Incremental borrowing rate is derived by the Company based on the bank lending rate and adjusted for the above factors.

(2) Subsequent measurement

After the commencement date, the Company shall measure the lease liability by: ① increasing the carrying amount to reflect interest on the lease liability; ② reducing the carrying amount to reflect the lease payments made; ③ remeasuring the carrying amount to reflect any reassessment or lease modifications.

Interest on the lease liability in each period during the lease term shall be the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability and be recognized as in profit or loss unless its capitalization. A constant periodic rate of interest is the discounting rate used for initial measurement of lease liability, or revised discounting rate for lease liability remeasurement because of the lease payment or lease change.

(3) Remeasurement

After the lease commencement date, lease payment shall be remeasured if the following circumstances incurred, and the lease liability shall be remeasured at the present value which is based on the revised lease payment and revised discounting rate. A lessee shall recognize the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. However, if the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, a lessee shall recognize any remaining amount of the remeasurement in profit or loss. ① change of in-substance fixed payments (subject to original discounting rate) ② change of amounts expected to be payable under residual value guarantees (subject to original discounting rate) ③ change of an index or a rate used for future lease payments (subject to revised discounting rate) ④ change in assessment of a buy option (subject to revised discounting rate) ⑤ change in assessment of a renew option or termination option or actual situation (subject to revised discounting rate).

30. Provision

When the Company has transactions such as commitment to externals, discounting the trade acceptance, unsettled litigation or arbitration which meets the following criterion, provision should be recognized: It is the Company's present obligation; carrying out the obligation will probably cause the Company's economic benefit outflow; the obligation can be reliably measured.

Provision is originally measured on the best estimate of outflow for paying off the present obligations.

When determining the best estimate, need to consider the risk, uncertainty, time value of monetary relevant to contingent items. If the time value of monetary is significant, the best estimate will be determined by discounted cash outflow in the future.

When compensation from the 3rd party is expected for full or partial contingent liability settlement, the compensation shall be recognized as an asset separately and measured at no more than the book value of contingent liability.

31. Share based payment

An equity-settled share-based payment in exchange for the employee's services is measured at the fair value at the date when the equity instruments are granted to the employee. Such fair value during the vesting period of service or before the prescribed exercisable conditions are achieved is recognized as relevant cost or expense on a straight-line during the vesting period based on the best estimated quantity of exercisable equity instruments, accordingly increase capital reserve.

A cash-settled share-based payment is measured at the fair value at the date at which the Company incurred liabilities that are determined based on the price of the shares or other equity instruments. If it is immediately vested, the fair value of the liabilities at the date of grant is recognized as relevant cost or expense, and corresponding liabilities. If it is exercisable only when the vesting period of service is expired or the prescribed conditions are achieved, the fair value of liabilities undertaken by the Company are re-measured at each balance sheet date based on the best estimate of exercisable situation. According to the fair value which the Company incurred liabilities, and recognizing acquired services as costs or expenses, and adjust liabilities accordingly.

The fair value of the liabilities is re-measured at each balance sheet date. Any changes are recognized in the profit or loss for the year.

If the granted equity instruments are cancelled within the vesting period (apart from the situation where the vesting condition is not satisfied), the equity instrument shall be treated as accelerated vesting and regarded as all share based payment plan satisfying vesting condition, and all expense during the remaining vesting period shall be accounted at the same period when the granted equity instruments are cancelled.

32. Principle of recognition and measurement of revenue

Accounting policy

The revenue of the Company is mainly from selling goods, providing engineering installation services.

The Company shall recognize revenue when (or as) the Company satisfies a performance obligation by transferring a promised good or service to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

If the contract includes two or more performance obligations, at the inception date of contract, the Company shall allocate the transaction price to each performance obligation identified in the contract on a relative standalone selling price ratio basis and measure the revenue at the allocated transaction price to each performance.

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. The determined transaction price shall be limited to the extent where the maximum reversal amount of revenue recognized with the least possibility once the uncertainty related to the variable consideration is removed. The Company shall recognize a refund liability if the entity receives consideration from a customer and expects to refund some or all of that consideration to the customer. Where a significant financing component exists in the contract, the transaction price shall be measured at the assumed price that the payment is made by cash as the client receive the control right of goods or services. The difference between the promised consideration and the cash selling price shall be amortized within the contract period at effective interest rate. The Company need not take the financing component into the consideration if the entity expects, at contract inception, that the period between when the entity transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

When the Company transfers control of a good or service over time, it satisfies a performance obligation and recognizes revenue over time only if one of the following criteria is met, otherwise it shall be the performance obligation at a point in time.

- (1) the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs
- (2) the Company's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced
- (3) the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date

If it is performance obligation over time, the Company shall recognize the revenue in accordance with the progress of performance obligation and measure the progress based on input method. In the circumstances, the Company may not be able to reasonably measure the progress of a performance obligation, but the Company expects to recover the costs incurred in satisfying the performance obligation. In those circumstances, the entity shall recognize revenue only to the extent of the costs incurred until such time that it can reasonably measure the progress of the performance obligation.

It satisfies a performance obligation at a point in time when the control right of goods or services are received by the client, and revenue shall be recognized. Judging whether the client has received the control right, the following indicators shall be considered:

- (1) The entity has a present right to payment for the asset
- (2) The legal title to the asset has been transferred to the customer
- (3) The Company has transferred physical possession of the asset to the client

(4) The Company has transferred the significant risks and rewards of ownership of an asset to the customer

(5) The customer has accepted the goods or service

The right of receiving the consideration the Company entitled to, as the goods or service have been transferred, shall be listed as contract asset and impairment provision shall be based on the expected credit loss. Unconditioned right of receiving the consideration shall be listed as receivable. The obligation shall be listed as contract liability where the Company has received consideration, but services or goods not transferred to the customer.

.33. Government grants

A government grant shall be recognized when the Company complies with the conditions attaching to the grant and when the Company is able to receive the grant.

Assets-related government grant is the government fund obtained by the Company for the purpose of long-term assets purchase and construction or establishment in the other forms. Income-related grants are the grant given by the government apart from the assets-related grants. If no grant objective indicated clearly in the government documents, the Company shall judge it according to the principle mentioned above.

Where a government grant is in the form of a transfer of monetary asset, it is measured at the amount received. Where a government grant is made on the basis of fixed amount or conclusive evidence indicates relevant conditions for financial support are met and expect to probably receive the fund, it is measured at the amount receivable. Where a government grant is in the form of a transfer of non-monetary asset, it is measured at fair value. If fair value cannot be determined reliably, it is measured at a nominal amount of RMB1 Yuan.

Assets-related government grants are recognized as deferred income or directly offsetting the book value of the asset, and Assets-related government grants recognized as deferred income shall be evenly amortized to profit or loss over the useful life of the related asset.

Any assets are sold, transferred, disposed off or impaired earlier than their useful life expired date, the remaining balance of deferred income which hasn't been allocated shall be carried forward to the income statement when the assets are disposed off.

Income-related government grants that is a compensation for related expenses or losses to be incurred in subsequent periods are recognized as deferred income and credited to the relevant period when the related expenses are incurred. Government grants relating to compensation for related expenses or losses already incurred are charged directly to the profit or loss for the period. Government grants related to daily business, shall be recognized as other income in accordance with business nature or offsetting related expenses, otherwise, shall be recognized as non-operating income or expenses.

If any government grant already recognized needs to be returned to the government, the accounting shall be differed according to the following circumstances:

- 1) originally recognized as offsetting of related assets' book value, assets book value shall be adjusted,
- 2) if any deferred income, book value of deferred income shall be offset, excessive portion shall be accounted into income statement,
- 3) Other situation, it shall be accounted into income statement directly.

34. Deferred tax assets and deferred tax liabilities

The deferred income tax assets or the deferred income tax liabilities should be recognized according to the differences (temporary difference) between the carrying amount of the assets or liabilities and its tax base. Deferred income tax assets shall be respectively recognized for deductible tax losses that can be carried forward in accordance with tax law requirements for deduction of taxable income in subsequent years. No deferred income tax liabilities shall be recognized for any temporary difference arising from goodwill initially recognition. No deferred income tax assets or liabilities shall be recognized for any difference arising from assets or liabilities initial recognition on non-business combination with no effect on either accounting profit or taxable profit (or deductible tax loss). At the balance sheet date, deferred income tax assets and deferred income tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available to offset the deductible temporary difference, deductible loss and tax reduction.

35. Lease

(1) Lease identification

Lease: A contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. At inception of a contract, the entity shall assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. In order to confirm whether the right to control the use of an identified asset for a period of time has been conveyed, the Company assess whether the client in the contract has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use and has the right to direct the use of the identified asset during the period of using the identified asset.

For a contract that is, or contains several leases, the Company shall separate the contract and account each lease separately. The Company shall account for each lease component

separately from non-lease components of the contract if the contract contains lease and non-lease components.

(2) As a lessee

1) Recognition

At the commencement date, the Company as a lessee shall recognize a right-of-use asset and a lease obligation. Recognition and measurement of right-of-use asset and a lease obligation is referred to 23. Right-of -use asset and 29. Lease obligation

2) Lease modification

Lease modification is a change in the scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease (for example, adding or terminating the right to use one or more underlying assets, or extending or shortening the contractual lease term). Lease modification effective date is the date when both parties agree to a lease modification.

The Company shall account for a lease modification as a separate lease if both condition are satisfied: ① the modification increases the scope of the lease by adding the right to use one or more underlying assets or extending the contractual lease term. ② the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope or the contractual lease term extension and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, at the effective date of the lease modification the Company shall: allocate the consideration in the modified contract; determine the lease term of the modified lease and remeasure the lease liability by discounting the revised lease payments using a revised discount rate. The Company used the interest rate implicit in the lease for the remainder of the lease term as discounting rate. The lessee's incremental borrowing rate at the effective date of the modification will be used if the interest rate implicit in the lease cannot be readily determined. The effect on above adjustments of lease liability shall be accounted respectively in accordance with the followings: ① decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease. The lessee shall recognize in profit or loss any gain or loss relating to the partial or full termination of the lease. ② making a corresponding adjustment to the right-of-use asset for all other lease modifications.

3) Short-term lease and low value asset lease

The Company has chosen not to recognize the right-of-use asset and lease liability for short-term lease (lease term less than 12 months) and low value asset when it is single leased new asset. In this case, lease payment will be accounted directly in profit or loss or on the

straight-line basis in profit or loss.

(3) As a lessor

Based on the assessment of (1) lease contract or lease contract contained, as a lessor, at the inception date, lease is classified as finance lease and operating lease.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Other lease is classified as an operating lease unless a finance lease.

Examples of situations that individually or in combination would normally lead to a lease being classified as a finance lease are: ①the lease transfers ownership of the underlying asset to the lessee by the end of the lease term; ②the lessee has the option to purchase the underlying asset at a price that is expected to be sufficiently lower than the fair value at the date the option becomes exercisable for it to be reasonably certain, at the inception date, that the option will be exercised; ③the lease term is for the major part of the economic life of the underlying asset even if title is not transferred(not shorter than 75% of leased asset life); ④ at the inception date, the present value of the lease payments amounts to at least substantially all of the fair value of the underlying asset(not lower than 90% of leased asset FV); ⑤ the underlying asset is of such a specialized nature that only the lessee can use it without major modifications. Indicators of situations that individually or in combination could also lead to a lease being classified as a finance lease are: ①if the lessee can cancel the lease, the lessor's losses associated with the cancellation are borne by the lessee; ②gains or losses from the fluctuation in the fair value of the residual accrue to the lessee; ③the lessee has the ability to continue the lease for a secondary period at a rent that is substantially lower than market rent.

1)Financing lease

Initial measurement

At the commencement date, the Company shall recognize the lease payment receivable and derecognize of finance lease asset. When initially measuring the lease payment receivable, net lease investment value shall be used for the lease payment receivable.

Net lease investment value equals to the any residual value guarantees plus the PV of undue lease receivable discounted at the interest rate implicit in the lease. Lease receivable is that lessor conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration including ① fixed payments (including in-substance fixed payments) less any lease incentives receivable;② variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;③ the exercise price of a purchase option if the lessee is reasonably certain to exercise that option ④ payments of penalties for terminating the lease, if the lessee will certainly exercise an option to terminate the lease during the lease term.⑤ residual value guarantees expected by the lessee and the

independent 3rd party relevant to the lessee with the economic ability to guarantee.

Subsequent measurement

The Company shall recognize interest income over the lease term based on a constant periodic rate, which is the implicit discounting rate of return on the lessor's net investment in the lease. (if sublease applicable, implicit rate of sublease can not be determined, original discounting rate of lease shall be adopted after adjustment for initial direct expense relevant to sublease) or when finance lease modification is not accounted as a separate lease, adjusted discounting rate will be adopted for the lease since it is classified as finance lease assuming modification took effect at the commencement date of lease.

Lease modification

The Company shall account for a finance lease modification as a separate lease if both conditions are satisfied: ① the modification increases the scope of the lease by adding the right to use one or more underlying assets. ② the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope or the contractual lease term extension and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a finance lease modification that is not accounted for as a separate lease, if the lease would have been classified as an operating lease and the modification have been in effect at the inception date, the lessor shall account for the lease modification as a new lease from the effective date of the modification; and measure the carrying amount of the underlying asset as the net investment in the lease immediately before the effective date of the lease modification.

2) Operating lease

Lease income

Lease payment received shall be recognized as lease income on a straight-line basis within the period.

Incentive measures

If the lease-free period is provided, the Company will allocate the total lease income in the whole lease period on the straight-line basis regardless of lease-free period, and the lease income shall be recognized during the rent-free period. If the Company bears some expenses of the lessee, such expenses shall be deducted from the total lease income and the remaining balance of lease income shall be allocated within the lease period.

Initial direct expense

The Company shall add initial direct costs incurred in obtaining an operating lease to the carrying amount of the underlying asset and recognize those costs as an expense over the lease term on the same basis as the lease income.

Depreciation

The depreciation policy for depreciable underlying fixed assets subject to operating leases shall be consistent with the lessor's normal depreciation policy for similar assets. Amortization for other underlying assets subject to operating lease shall be on reasonable systematic basis.

Variable lease payment

The variable lease payments obtained by the Company related to operating leases, which are not included in the lease payment received, shall be included in the current profit and loss when actually incurred

Operating lease modification

A lessor shall account for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

(4) Special lease

Sales and lease back

1) as a seller and a lessee

In accordance with Revenue Standard-No.14 of Accounting Standards for Business Enterprises, the Company assesses whether the transfer of the asset is a sale. If the transfer of assets is not a sale, the Company shall continue to recognize the transferred assets and at the same time recognize a financial liability equal to the transfer income, and recognize, measure the financial liability in accordance with the Recognition and Measurement of Financial Instruments Standard- No. 22 - Accounting Standards for Business Enterprises. If the transfer of assets is a sale, the Company shall measure the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right of use retained by the Company. Accordingly, the Company shall recognize only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor.

2) as a buyer and a lessor

If the transfer of assets is not a sale, the Company shall not recognize the transferred asset and shall recognize a financial asset equal to the transfer proceeds. It shall account for the financial asset applying Recognition and Measurement of Financial Instruments Standard- No. 22 - Accounting Standards for Business Enterprises. If the transfer of assets is a sale, the Company shall account for the purchase of the asset applying applicable Standards.

36. Held for sale

- (1) Any non-current assets or disposal group shall be classified as held for sale if the

following criteria are met: 1) According to the similar transactions for selling such assets or disposal group in practice, the assets must be available for immediate sale under current condition. 2) The sale is highly probable with decision made on a probable selling proposal and the firm purchase commitment has been obtained, the sale is expected to be completed within one year. Certain regulations request that approvals must be given by relevant authority or supervision regulator before the assets can be sold. Prior to the assets initially classified as held for sale or disposal group, the carrying amounts of the asset (or all the assets and liabilities in the disposal group) shall be measured in accordance with applicable accounting standards. The Company shall recognize an impairment loss and account it in to income statement for the current period, for any initial or subsequent write- down of the asset (or disposal group) to its fair value less costs to sell if the carrying amount is higher than its fair value less costs to sell. In the meantime, provision for assets impairment shall be made.

(2) The Company acquires a non-current asset(or disposal group) exclusively with a view to its subsequent resale, it shall be classified as held for sale at the acquisition date only if the condition of “expected sale can be completed within one year” can be met and also other conditions of classified as held for sale can highly probably be met within a short period following the acquisition(usually with three months). When measuring a newly acquired asset (or disposal group) meeting the criteria to be classified as held for sale, it shall be measured at the lower of its carrying amount had it not been so classified and fair value less costs to sell. Except the non-current assets or disposal group acquired as part of a business combination, the difference between its fair value less costs to sale and initial carrying amount is recognized in the income statement.

(3) The Company that loss of control of a subsidiary due to a sale plan of its investment shall classify its subsidiary planned for sale as a whole as held for sale in the single financial statement of the parent only if the investment in subsidiary meets the criteria of held for sale, regardless of whether the Company will retain a proportion of equity interest in its former subsidiary after sale, and classify all assets and liabilities of the subsidiary as held for sale in the consolidated financial statements

(4) The Company shall recognize a gain for any subsequent increase in fair value less costs to sell of an asset and shall reverse the impairment to the extent that previously recognized when being classified as held for sale, the revisable amount is recognized in the income statement for the period. Any impairment from the period when the assets are not classified as held for sale cannot be reversed.

(5) The impairment loss recognized for a disposal group shall reduce the carrying amount of goodwill of disposal group first, and then reduce the carrying amount of the non-current assets based on its proportion on the book.

(6) The Company shall recognize a gain for any subsequent increase in fair value less costs

to sell of a disposal group and shall reverse the impairment to the extent that previously recognized when being classified as held for sale, in accordance with applicable measuring standards, the revisable amount is recognized in the income statement for the period. Any impairment from the period when the assets are not classified as held for sale and reduced goodwill cannot be reversed.

(7) For any subsequently reversed amount, after the impairment loss is recognized for held for sale disposal group, the Company shall increase the carrying amount of disposal group based on the proportion of carrying amount of non-current assets excluding goodwill.

(8) Non-current assets classified as held for sale or disposal group shall not be depreciated or amortized, interest and other expenses attributable to the liabilities of a disposal group classified as held for sale shall continue to be recognized.

(9) When held for sale assets or disposal group cannot meet the criteria for held for sale classification so that they are not recognized as held for sale or non-current asset will be removed from disposal group, they shall be measured at the lower of the following amounts: (1) carrying amount of assets prior to it classified as held for sale, which is the amount after depreciation, amortization or impairment adjustment as it had not been classified as held for sale ; (2) recoverable amount.

(10) When the Company derecognizes the held for sale assets or disposal group, the remaining unrecognized gain or loss shall be accounted in the income statement.

37. Discontinued operation

When meeting any one of the following criteria, the component can be identified separately and the component has already been disposed off or classified as held for sale: (1) the component represents one independent main business or one single main business area; (2) the component plans to be part of the related plan which represents one independent main business or one single main business area; (3) the component was specially acquired for resale

38. Other significant accounting policies, accounting estimates

When preparing the financial statements, the management needs to use accounting estimate and assumption, which will have effect on the application of accounting policy and amount of asset, liability, income and expense. The actual circumstance maybe differs from the estimates. The management needs to continuously assess the key assumption involved by estimate and the judgment on uncertainty. Effect on the accounting estimate shall be recognized during the period when estimate is changed and in future.

The following accounting estimate and key assumption will trigger the significant risk of significant adjustment on the book value of asset and liability during the period of future.

(1) Impairment of financial instrument

The Company uses expected credit loss model to assess any impairment of financial asset. When applying expected credit loss model, the Company shall take all necessary factors into account as requested such as significant judgment, estimate and all reasonable and supportable information including forward looking information. Repayment history in conjunction with economic policy, macro environment ratio, industry and sector risk etc shall also be considered when judging expected change of debtor's credit risk.

(2) Provision of inventory impairment

Inventory is periodically evaluated at the net realizable value and any cost higher than NRV shall be recognized as inventory impairment loss. When evaluating the NRV, net realizable value is determined by deducting the expected selling expense and relative tax from the estimated selling price. When actual selling price or cost differs from the previous estimates, management will make adjustment on NRV. Therefore, the results based on the present experience may differ from the actual results, which caused the adjustment on the carrying amount of inventory in the book. Provision for inventory impairment may vary with the above reasons. Any adjustment on provision for inventory impairment will affect the income statement.

(3) Provision of goodwill impairment

Each year, goodwill shall be assessed for any impairment. Recoverable amount of assets group or asset portfolio including goodwill shall be the present value of future cash flow, which needs estimates for calculation.

If management adjust the gross profit margin adopted by the present value of future cash flow calculation of assets group or asset portfolio, adjusted gross profit margin is lower than the margin applied, the impairment is required.

If management adjust the discounting rate before tax applied by the present value of future cash flow calculation of assets group or asset portfolio, adjusted discounting rate before tax is higher than the rate applied, the impairment is required.

If actual profit margin or discounting rate before tax is higher or lower than management's estimate, any impairment recognized before cannot be reversed.

(4) Provision of fixed asset impairment

At the balance sheet date, the management shall implement impairment test on buildings, plant and machinery etc which has any impairment indicator. The recoverable amount of FA is the higher of PV of future cash flow and net value of fair value after disposal cost, the calculation needs accounting estimate.

If management adjust the gross profit margin adopted by the present value of future cash flow

calculation of assets group or asset portfolio, adjusted gross profit margin is lower than the margin applied, the impairment is required.

If management adjust the discounting rate before tax applied by the present value of future cash flow calculation of assets group or asset portfolio, adjusted discounting rate before tax is higher than the rate applied, the impairment is required.

If actual profit margin or discounting rate before tax is higher or lower than management's estimate, any impairment recognized before cannot be reversed.

(5) Recognition of deferred tax assets

Estimate on deferred tax assets needs making estimation of taxable income and applied tax rate in the following years in future. Whether deferred tax asset can be realized depends on the enough probable taxable profit obtained in future. Tax rate change in future and the timing of temporary difference reverse may also affect the income tax expense(income)and the balance of deferred tax. Any change of estimate described here will cause the deferred tax adjustment.

39. Changes in Accounting Policies, Accounting Estimates

(1) Change in significant accounting policies

Changes on accounting policy and reasons	Approval progress	Memo
<p>On December 7th, 2018, the Ministry of Finance announced amendment to “No.21-Lease of Accounting Standards for Business Enterprises”(No35 Caikuai [2018]) (hereinafter referred to as “new lease standard”). Since January 1, 2019, the new lease standard took effect for either the company both listed in overseas and domestic or IFRS or Accounting Standards for Business Enterprises adoption of the company listed overseas. The rest of domestic listed companies shall adopt the standard since January 1, 2021. When preparing the financial statements for 2021FY, the policy has been adopted and the accounting has been done in accordance with this standard.</p>	<p>The accounting policy change has been approved by the 18th meeting of the 8th generation of board.</p>	<p>Note</p>

Note. New lease standard

New standard took effect since January 1, 2021. New standard improves the lease definition, add lease identification, split or merge; withdraw the classification for operating lease and finance lease, requesting to recognize right-of-use asset and lease obligation for all lease apart from short-term lease and low value asset lease, at the lease inception date. Improve the

subsequent measurement of lease as a lessor, add accounting and disclosure request for lease modification and reassessment of buy option. Lease recognition and measurement as a lessor and lessee under new lease standard is referred to No.35 of accounting policy of this Note.

Any existing contract prior to the beginning of the first adoption year, shall not be reassessed by the Company for lease or contained lease on the first adoption date.

The Company adjusts the opening figure of retain earnings and relevant other items in the statements for cumulative effect on new lease standard first adoption without adjustment of comparative figures. Operating lease before first adoption date shall be measured for lease obligation based on the PV of remaining lease payment at incremental borrowing rate on the first adoption date and for all leases, right-of-use asset shall be adjusted for lease prepayment in line with the lease obligation amount.

Lease modification or lease contract signed after first adoption date, at inception of a contract, the entity shall assess whether the contract is, or contains, a lease in accordance with new lease standard. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. New lease standard has no significant effect on the lease contract scope within the defined lease contract.

New lease standard adoption effect on opening balance of balance sheet

Consolidated balance sheet

Effected Items	December 31st,2020	Effect on new standard adoption	January 1st,2021
Fixed asset	891,147,058.82	-24,948,202.78	866,198,856.04
Right-of-use asset	-	27,449,505.03	27,449,505.03
Non- current liability due within one year	37,157,126.41	1,340,825.77	38,497,952.18
Lease obligation	-	13,818,476.46	13,818,476.46
Long-term payable	14,622,463.75	-12,657,999.98	1,964,463.77

Balance sheet of parent company

Effected Items	December 31st,2020	Effect on new standard adoption	January 1st,2021
Right-of-use asset	-	1,775,041.11	1,775,041.11
Non- current liability due within one year	25,000,034.00	986,385.93	25,986,419.93

Effectuated Items	December 31st,2020	Effect on new standard adoption	January 1st,2021
Lease obligation	-	788,655.18	788,655.18

(2) Changes in significant accounting estimates

No.

V. Taxation

1. The main applicable tax and rate to the Company as follows:

Tax	Tax base	Tax rate
Value-added tax (VAT)	Sales revenue or Purchase	6%、9%、13%、
City construction tax	Value-added tax payables	7%
Education surcharge	Value-added tax payables	3%
Local education surcharge	Value-added tax payables	2%
Enterprise income tax(EIT)	Current period taxable profit	15% or 25%
Real estate tax	70% of cost of own property or revenue from leasing property	1.2% or 12%
Land use tax	Land using right area	Fixed amount per square meter
Other tax		According to the relevant provisions of the state and local

Notes for tax entities with different EIT rate

Tax entities	EIT rate
Bingshan Refrigeration & Heat Transfer Technologies Co. ,Ltd	15%
Dalian Bingshan Group Engineering Co., Ltd.	25%
Dalian Bingshan Group Sales Co., Ltd.	25%
Dalian Bingshan Air-conditioning Equipment Co., Ltd.	15%
Dalian Bingshan JiaDe Automation Co., Ltd.	15%
Dalian Bingshan Lingshe Quick Freezing Equipment Co., Ltd.	25%
Wuhan New World Refrigeration Industrial Co., Ltd.	15%
Bingshan Technical Service (Dalian) Co., Ltd.	15%
Dalian Bingshan International Trading Co. ,Ltd	25%
Dalian Niweisi LengNuan Techonoligy Co., Ltd.	15%
Dalian Xinminghua Electrical Technology Co., Ltd	15%
Ningbo Bingshan Air-conditioning Refrigeration Engineering Co., Ltd	25%
Chengdu Bingshan Refrigeration Engineering Co., Ltd.	25%

Tax entities	EIT rate
Bingshan Refrigeration & Heat Transfer Technologies Co. ,Ltd	15%
Wuhan New World Air-conditioning Refrigeration Engineering Co., Ltd	25%
Wuhan Lanning Energy Technology Co., Ltd	25%

2. Tax preference

The Company obtained the qualification of high and new technology enterprises on 3rd December, 2020 approved by Dalian Science Technology Bureau, Dalian Finance Bureau, Dalian State Tax Bureau and Local tax Bureau. The Certificate No. is GR202021200646, and the validity duration is three years. According to the tax law, the Company can be granted for the preferential tax policy of enterprise income tax rate of 15% in three years.

The Company's subsidiary, Dalian Bingshan Air-conditioning Equipment Co., Ltd. obtained the qualification of high and new technology enterprises on 3rd December, 2020 approved by Dalian Science Technology Bureau, Dalian Finance Bureau, Dalian State Tax Bureau and Local tax Bureau. The Certificate No. is GR202021200672, and the validity duration is three years. According to the tax law, the Company can be granted for the preferential tax policy of enterprise income tax rate of 15% in three years.

The Company's subsidiary, Dalian Bingshan JiaDe Automation Co., Ltd. obtained the qualification of high and new technology enterprises on 15th December, 2021 approved by Dalian Science Technology Bureau, Dalian Finance Bureau, Dalian State Tax Bureau and Local tax Bureau. The Certificate No. is GR202121200765, and the validity duration is three years. According to the tax law, the Company can be granted for the preferential tax policy of enterprise income tax rate of 15% in three years.

The Company's subsidiary, Wuhan New World Refrigeration Industrial Co., Ltd obtained the qualification of high and new technology enterprises on 15th November, 2021 approved by Hubei Science Technology Bureau, Hubei Finance Bureau, Hubei State Tax Bureau and Hubei Local tax Bureau. The Certificate No. is GR202142001696, and the validity duration is three years. According to the tax law, the Company can be granted for the preferential tax policy of enterprise income tax rate of 15% in three years.

The Company's subsidiary, Bingshan Technical Service (Dalian) Co., Ltd. obtained the qualification of high and new technology enterprises on 3rd December, 2020 approved by Dalian Science Technology Bureau, Dalian Finance Bureau, Dalian State Tax Bureau and Local tax Bureau. The Certificate No. is GR202021200540, and the validity duration is three years. According to the tax law, the Company can be granted for the preferential tax policy of enterprise income tax rate of 15% in three years.

The Company's subsidiary, Dalian Niweisi LengNuan Techonoligy Co., Ltd. obtained the qualification of high and new technology enterprises on 3rd December, 2020 approved by

Dalian Science Technology Bureau, Dalian Finance Bureau, Dalian State Tax Bureau and Local tax Bureau. The Certificate No. is GR202021200570, and the validity duration is three years. According to the tax law, the Company can be granted for the preferential tax policy of enterprise income tax rate of 15% in three years.

The Company's subsidiary, Dalian Xinminghua Electrical Technology Co., Ltd obtained the qualification of high and new technology enterprises on 3rd December, 2020 approved by Dalian Science Technology Bureau, Dalian Finance Bureau, Dalian State Tax Bureau and Local tax Bureau. The Certificate No. is GR202021200699, and the validity duration is three years. According to the tax law, the Company can be granted for the preferential tax policy of enterprise income tax rate of 15% in three years.

VI. Notes to Consolidated Financial Statements

The following disclosure date on this financial statement without special indication, “opening” refers to January 1, 2021; “closing” refers to December 31, 2021; “current period” refers to the period from January 1, 2021 to December 31, 2021; and “last period” refers to the period from January 1, 2020 to December 31, 2020; with the currency unit RMB.

1. Cash and cash in bank

Item	Closing Balance	Opening Balance
Cash on hand	99,580.64	154,668.54
Cash in bank	443,177,237.30	316,921,397.57
Other cash and cash equivalents	79,381,687.85	56,369,665.56
Total	522,658,505.79	373,445,731.67
Including: sum of deposits overseas		

Note: Other cash and cash equivalents is restricted, including deposit for bank acceptance notes of 64,672,285.64 Yuan, guarantee deposit of 14,438,026.76Yuan, peasant worker deposit of 271,375.45Yuan, and frozen amount of 4,307,480.07 Yuan by the bank due to litigation total of 83,689,167.92Yuan.

2. Notes receivable

(1) Category of notes receivable

Items	Closing Balance	Opening Balance
Bank acceptance notes	163,956,682.86	109,424,884.35
Trade acceptance notes	2,473,682.88	29,696,153.43
Total	166,430,365.74	139,121,037.78

(2) Pledged notes receivable up to the end of year.

Items	Closing pledged amount
Bank acceptance notes	6,420,000.00

Total	6,420,000.00
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(3) Notes receivable endorsed or discounted but not mature at the end of year

Item	Closing amount no more recognized	Closing amount still recognized
Bank acceptance notes		148,851,791.08
Trade acceptance notes		220,000.00
Total		149,071,791.08

(4) There is no transfer to receivable as the drawer's default of performance of obligation

(5) Categories according to bad debts provision

Items	Closing Balance				Booking value
	Booking balance		Provision		
	Amount	%	Amount	%	
Bad debts provision based on group	166,617,129.06	100.00	186,763.32	0.11	166,430,365.74
Including: bank acceptance notes	163,956,682.86	98.40	-	-	163,956,682.86
Trade acceptance notes	2,660,446.20	1.60	186,763.32	7.02	2,473,682.88
Total	166,617,129.06	100.00	186,763.32	0.11	166,430,365.74

(Continued)

Items	Opening balance				Booking value
	Booking balance		Provision		
	Amount	%	Amount	%	
Bad debts provision based on group	141,363,100.56	100.00	2,242,062.78	1.59	139,121,037.78
Including: bank acceptance notes	109,424,884.35	77.41	-	-	109,424,884.35
Trade acceptance notes	31,938,216.21	22.59	2,242,062.78	7.02	29,696,153.43
Total	141,363,100.56	100.00	2,242,062.78	1.59	139,121,037.78

Categories based on group

Items	Closing Balance		
	Booking balance	Provision	Provision (%)

Items	Closing Balance		
	Booking balance	Provision	Provision (%)
Trade acceptance notes	2,660,446.20	186,763.32	7.02
Total	2,660,446.20	186,763.32	—

(6) Bad debt provision of notes receivable accrued, collected and reversed

Category	Opening balance	Change during the year			Closing Balance
		Accrued	Collected/reversed	Written-off	
Bad debt provision	2,242,062.78	-	2,055,299.46	-	186,763.32
Total	2,242,062.78	-	2,055,299.46	-	186,763.32

(7) Notes receivable written off: none

3. Accounts receivable

(1) Category of accounts receivable

Items	Closing Balance				Booking value
	Booking balance		Provision		
	Amount	%	Amount	%	
Accounts receivable with significant individual amount and separate bad debt provision	-	-	-	-	-
Accounts receivable with bad debt provision based on the characters of credit risk portfolio	1,193,312,546.52	100.00	371,763,867.67	31.15	821,548,678.85
Including: aging as characteristics of credit risk	1,193,312,546.52	100.00	371,763,867.67	31.15	821,548,678.85
Total	1,193,312,546.52	100.00	371,763,867.67	31.15	821,548,678.85

(Continued)

Items	Opening balance		
	Booking balance	Provision	Booking value

	Amount	%	Amount	%	
Accounts receivable with significant individual amount and separate bad debt provision	9,375,092.34	0.85	262,313.88	2.80	9,112,778.46
Accounts receivable with bad debt provision based on the characters of credit risk portfolio	1,089,352,275.04	99.15	281,453,097.75	25.84	807,899,177.29
Including: aging as characteristics of credit risk	1,089,352,275.04	99.15	281,453,097.75	25.84	807,899,177.29
Total	1,098,727,367.38	100.00	281,715,411.63	25.64	817,011,955.75

1) Accounts receivable with the bad debt provisions under accounting aging analysis method

Aging	Closing Balance		
	Accounts receivable	Provision for bad debts	Drawing proportion (%)
Within 1 year	523,064,082.35	36,719,098.59	7.02
1 to 2 years	173,592,528.16	29,059,389.21	16.74
2 to 3 years	90,996,620.72	28,054,258.17	30.83
3 to 4 years	172,830,349.33	85,257,211.32	49.33
4 to 5 years	144,183,323.44	104,028,267.86	72.15
Over 5 years	88,645,642.52	88,645,642.52	100.00
Total	1,193,312,546.52	371,763,867.67	—

(2) Receivable listed by aging

Aging	Closing Balance
Within 1 year	523,064,082.35
1 to 2 years	173,592,528.16
2 to 3 years	90,996,620.72
3 to 4 years	172,830,349.33
4 to 5 years	144,183,323.44
Over 5 years	88,645,642.52

Total	1,193,312,546.52
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(3) Bad debt provision of current period

Category	Opening balance	Change during the year			Closing Balance
		Accrued	Collected/ reversed	Written-off	
Bad debt provision	281,715,411.63	98,150,920.76	276,589.05	7,825,875.67	371,763,867.67
Total	281,715,411.63	98,150,920.76	276,589.05	7,825,875.67	371,763,867.67

(4) Accounts receivable written off in current period

Item	Written off amount
Receivable actually written off	7,825,875.67

Key debtors written off

Company name	Nature	amount	reason	Procedures implemented	Related party transaction
Beijing Bingshan Refrigeration and Air Conditioning Equipment Co., Ltd	Trade receivable	805,309.06	litigation expired	Board meeting	No
Yingkou Shenzhen-Hong Kong Co. LTD	Trade receivable	667,528.00	litigation expired	Board meeting	No
Singapore JX INSULATION ENGINEERING PTE LTD	Trade receivable	571,170.91	litigation expired	Board meeting	No
Jiangxi Saiwei LDK Solar Polysilicon Co., LTD	Trade receivable	475,621.94	litigation expired	Board meeting	No
Zengyi E-business (Wuhan) Co., Ltd	Trade receivable	288,056.88	litigation expired	Board meeting	No
Xinjiang Sanhai Preservation Garden Co. LTD	Trade receivable	285,000.00	court judged, client has no enforceable asset	Board meeting	No
Shandong Linjia Chemical Technology Co., LTD	Trade receivable	268,034.19	contract termination	Internal approval	No
Qinghai Taifeng Xianxing Lithium Energy Technology Co. LTD	Trade receivable	260,000.00	litigation expired	Board meeting	No
Dalian Xinghai Bay Development & Construction Center	Trade receivable	248,693.00	project disband, no money to pay	Board meeting	No

Company name	Nature	amount	reason	Procedures implemented	Related party transaction
Dalian Xuelong Industry Group Co. Ltd	Trade receivable	231,600.00	court judged, client has no enforceable asset	Board meeting	No
Dazhou City Fuxing Market Development Co. LTD	Trade receivable	200,000.00	litigation expired	Board meeting	No
Total	—	4,301,013.98	—	—	—

(5) The top five significant accounts receivable categorized by debtors

Company	Closing Balance	Aging	% of the total AR	Closing Balance of Provision
State Grid Intergrated Energy Service Group Co.,Ltd	43,253,684.30	Within 1 year	3.62	3,036,408.64
Panasonic Cold-chain (Dalian) Co., Ltd	37,390,849.92	Within 1 year	3.13	2,624,837.66
Xinyi Yuanda Construction and Installation Engineering Co., Ltd.	32,748,744.00	3-4 years 4-5 years over 5years	2.74	25,281,907.38
Qingchengxian Zhongyi Energy Co.,Ltd	24,375,000.00	1-2 years	2.04	4,080,375.00
Dalian Xinghai Bay Development & Construction Center	24,020,836.00	4-5 years over 5years	2.01	18,577,302.85
Total	161,789,114.22	-	13.54	53,600,831.53

4. Finance receivable

Items	Closing Balance	Opening Balance
Notes receivable	43,704,310.38	61,737,282.56
Total	43,704,310.38	61,737,282.56

5. Prepayments

(1) Aging of prepayments

Items	Closing Balance		Opening Balance	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	146,457,045.63	80.16	111,133,100.83	71.93
1 to 2 years	16,304,629.82	8.92	24,880,404.77	16.11

2 to 3 years	12,765,104.33	6.99	9,313,439.77	6.03
Over 3 years	7,174,623.77	3.93	9,154,563.98	5.93
Total	182,701,403.55	100.00	154,481,509.35	100.00

Significant prepayments over 1 year

Company	Closing Balance	Aging	Unsettled Reasons
Dalian Hengtong Refrigeration Equipment engineering Co., Ltd	5,720,000.00	2-3 years 3-4 years	Contract is not fully implemented
Dalian Shengda Construciton Engineering Co., Ltd	3,878,617.15	Within 1 year 1-2 years 2-3 years	Contract is not fully implemented
PT MULTI SUKSES ENGINEERING	2,537,821.33	Within 1 year 1-2 years	Contract is not fully implemented
Shanghai POMA Automation Equipment Co., Ltd	2,090,625.02	Over 5 years	Contract is not fully implemented
Nanjing Bingshan Mechanical and Electrical Co.,Ltd	1,785,408.00	1-2 years	Contract is not fully implemented
Total	16,012,471.50	—	—

(2) The top five significant advances to suppliers categorized by debtors

Company	Closing Balance	Aging	% of the total advances to suppliers
Shenyang Baogang Northeast Trading Co., Ltd	15,480,717.06	Within 1year	8.47
Dalian Shentong Electric Co., Ltd.	15,019,165.34	Within 1year	8.22
Angang Steel Company Ltd	5,858,716.72	Within 1year	3.21
Dalian Hengtong Refrigeration Equipment engineering Co., Ltd	5,720,000.00	2-3 years 3-4 years	3.13
Shanghai Qingneng Cold Chain Equipment Engineering Co., LTD	4,270,859.96	Within 1year	2.34
Total	46,349,459.08	-	25.37

6. Other receivables

Items	Closing Balance	Opening Balance
Interest receivable		46,879.68
Dividend receivable	1,003,568.75	25,923.75
Other receivables	59,336,527.70	67,454,373.43
Total	60,340,096.45	67,527,176.86

6.1 Interest receivable

(1) Classification

Items	Closing Balance	Opening Balance
Interest on term deposits		46,879.68
Total		46,879.68

6.2. Dividends receivable

(1) Classification

Company	Closing Balance	Opening Balance
Guotai Junan Securities	952,000.00	-
Wuhan Steel and Electricity Co., Ltd.	51,568.75	25,923.75
Total	1,003,568.75	25,923.75

6.3. Other receivables

(1) The categories of other receivable according to nature

Items	Closing Balance	Opening Balance
Deposits	26,933,345.60	26,232,362.26
Petty cash	5,654,074.94	5,325,764.44
Receivables and payables	36,138,235.04	47,714,138.78
Others	1,609,350.55	1,619,770.46
Total	70,335,006.13	80,892,035.94

(2) The bad debt provision of other receivables

Bad debt provision	1 st stage	2 nd stage	3 rd stage	Total
	Expected credit loss within 12 months	Expected credit loss within the whole period (no impairment)	Expected credit loss within the whole period (impairment incurred)	
Opening balance	13,437,662.51	-	-	13,437,662.51
Opening balance during the year	—	—	—	—
--transfer to the 2 nd stage				
--transfer to the 3 rd stage	3,276,389.66	-	3,276,389.66	-

Bad debt provision	1 st stage	2 nd stage	3 rd stage	Total
	Expected credit loss within 12 months	Expected credit loss within the whole period (no impairment)	Expected credit loss within the whole period (impairment incurred)	
--reverse to the 2 nd stage				
---reverse to the 1 st stage				
Accrued	-	-	893,557.46	893,557.46
Reverse	1,001,325.54	-	-	1,001,325.54
Cancelation				
Written off	2,331,416.00	-	-	2,331,416.00
Other movement				
Closing balance	6,828,531.31	-	4,169,947.12	10,998,478.43

(2) Other receivable listed by account aging

Aging	Closing Balance
Within 1 year	52,507,621.43
1-2 years	4,641,078.98
2-3 years	3,440,749.25
3-4 years	3,349,594.88
4-5 years	2,226,014.47
Over 5 years	4,169,947.12
Total	70,335,006.13

(4) Provision for bad debt

Category	Opening balance	Change during the year			Closing Balance
		Accrued	Collected/reversed	Written-off	
Bad debt provision	13,437,662.51	-	107,768.08	2,331,416.00	10,998,478.43
Total	13,437,662.51	-	107,768.08	2,331,416.00	10,998,478.43

(5) Other receivables written off in current period: none.

Item	Amount to be written off
Other receivables written off actually	2,331,416.00

Key other receivable written off

Company name	Nature	Amount	Reason	Procedures implemented	Related party transaction
Dalian Lihua Coating Equipment	Receivable & payable	1,650,000.00	Court judged, client has no enforceable asset	Internal approval	No
Dalian Changde Welding Co.,Ltd	Receivable & payable	677,416.00	Court judged, client has no enforceable asset	Internal approval	No
Total	—	2,327,416.00	—	—	—

(6) Other receivables from the top 5 debtors

Name	Category	Closing Balance	Aging	% of the total OR	Closing Balance of Provision
Hangzhou Zhonghong New Energy Co.,Ltd	Refund	28,895,000.00	Within 1 year	41.08	1,204,921.50
PICC Dalian Branch	Compensation	5,000,000.00	Within 1 year	7.11	208,500.00
Agriculture Bureau of Moyu County	Deposit	2,548,847.50	1-2years 2-3 years	3.62	577,236.44
Cangzhou Lingang Renguo Chemical Co., LTD	Deposit	2,000,000.00	Within 1 year	2.84	83,400.00
Dalian DETA Hong Kong & China Gas Co.,Ltd	Deposit	1,125,000.00	3-4 years	1.60	1,125,000.00
Total		39,568,847.50	-	56.25	3,199,057.94

(7) Other receivables from government grant: none

7. Inventories

(1) Categories of inventories

Item	Closing Balance		
	Book value	Provision for decline	Net book value
Raw materials	166,815,875.73	4,570,316.95	162,245,558.78
Working in progress	171,554,710.97	1,929,842.21	169,624,868.76
Finished goods	300,140,274.98	29,448,083.12	270,692,191.86

Item	Closing Balance		
	Book value	Provision for decline	Net book value
Low-value consumable	51,817.59	-	51,817.59
Self-manufactured semi-finished products	30,747,861.83	-	30,747,861.83
Cost to fulfill the contract	295,750,380.56	11,185,200.11	284,565,180.45
Materials on consignment for further processing	887,585.94	-	887,585.94
Goods in transit	86,049,156.11	-	86,049,156.11
Properties written off debtors	14,866,010.00	5,203,103.50	9,662,906.50
Total	1,066,863,673.71	52,336,545.89	1,014,527,127.82

(Continued)

Item	Opening Balance		
	Book value	Provision for decline	Net book value
Raw materials	103,332,663.42	1,064,716.71	102,267,946.71
Working in progress	117,243,035.94	1,929,842.21	115,313,193.73
Finished goods	244,721,287.34	2,528,193.70	242,193,093.64
Low-value consumable	171,759.42		171,759.42
Self-manufactured semi-finished products	28,814,287.69		28,814,287.69
Cost to fulfill the contract	193,840,972.71		193,840,972.71
Materials on consignment for further processing	480,473.35		480,473.35
Goods in transit	33,573,632.23		33,573,632.23
Properties written off debtors	20,206,542.00	5,203,103.50	15,003,438.50
Total	742,384,654.10	10,725,856.12	731,658,797.98

(2) Provision for decline in the value of inventories

Item	Opening Balance	Increase	Decrease		Closing Balance
		Accrual	Reverse/ Written-off	Others transferred	
Raw materials	1,064,716.71	3,619,173.37	113,573.13	-	4,570,316.95
Finished goods	2,528,193.70	31,526,166.74	4,606,277.32	-	29,448,083.12
Cost to fulfill the	-	11,185,200.11	-	-	11,185,200.11

Item	Opening Balance	Increase	Decrease		Closing Balance
		Accrual	Reverse/ Written- off	Others transferred	
contract					
WIP	1,929,842.21	-	-	-	1,929,842.21
Properties written off debtors	5,203,103.50	-	-	-	5,203,103.50
Total	10,725,856.12	46,330,540.22	4,719,850.45	-	52,336,545.89

Accrual for provision for decline in the value of inventories

Item	Basis for net realizable value recognition	Reasons for reverse/write-off
Raw materials	The amount deducting the expected cost to product completion, selling expense and relative tax from the estimated selling price.	Sold within the year
Finished goods		Scrap within the year
Completed constructing projects unsettled		---

8. Contract asset

(1) Details

Item	Closing Balance			Opening Balance		
	Carrying amount	Provision	Book value	Carrying amount	provision	Book value
Undue warranty	125,891,499.90	16,031,841.11	109,859,658.79	104,165,706.10	12,735,694.50	91,430,011.60
Total	125,891,499.90	16,031,841.11	109,859,658.79	104,165,706.10	12,735,694.50	91,430,011.60

(2) Provision for impairment

Item	Accrued	Reverse	Collected/written off	Reason
Undue warranty	3,296,146.61			
Total	3,296,146.61			

9. Noncurrent asset due within one year

Item	Closing Balance	Opening Balance
Long term receivable due within 1 year	14,990,989.30	42,003,576.60
Total	14,990,989.30	42,003,576.60

10. Other current assets

Item	Closing Balance	Opening Balance
Prepaid income tax presented at net amount after offsetting	380,483.32	390,518.40
VAT to be deducted	23,989,939.28	22,375,761.22
Prepaid turnover tax	-	1,876.94
Prepaid expenses	154,654.11	445,934.88
Total	24,525,076.71	23,214,091.44

11. Long term receivable

(1) Details

Item	Closing Balance		
	Carrying amount	Provision	Book value
Lease premium			
---Unrealized financing income			
Goods sold by installments			
Services rendered by installments			
Total			

(Continued)

Item	Opening Balance		
	Carrying amount	Provision	Book value
Lease premium			
---Unrealized financing income			
Goods sold by installments	71,750,205.16	5,882,231.91	65,867,973.25
Services rendered by installments			
Total	71,750,205.16	5,882,231.91	65,867,973.25

(2) Provision for bad debt

Bad debt provision	1st stage	2nd stage	3rd stage	Total
	Expected credit loss within 12 months	Expected credit loss within the whole period (no impairment)	Expected credit loss within the whole period (impairment incurred)	
Opening balance	9,218,793.44	-	-	9,218,793.44
Opening				

Bad debt provision	1 st stage	2 nd stage	3 rd stage	Total
	Expected credit loss within 12 months	Expected credit loss within the whole period (no impairment)	Expected credit loss within the whole period (impairment incurred)	
balance during the year				
--transfer to the 2 nd stage				
--transfer to the 3 rd stage				
--reverse to the 2 nd stage				
---reverse to the 1 st stage				
Accrued				
Reverse	4,636,661.13	-	-	4,636,661.13
Cancelation	3,430,522.73	-	-	3,430,522.73
Written off				
Other movement				
Closing balance	1,151,609.58	-	-	1,151,609.58

Note: the difference between opening balance and closing balance of bad debt provision and long-term receivable is the part of non-current asset due within one year.

12.Long-term equity investments

Investee	Beginning balance	Increase/Decrease								Ending balance	Provision for impairment
		Increased	Decreased	Gains and losses recognized under the equity method	Adjustment of other comprehensive income	Change of other equity	Cash bonus or profits announced to issue	Provision for impairment of the current period	Others		
Associates											
Panasonic Refrigeration (Dalian) Co., Ltd	163,867,472.86		147,270,127.38	-14,994,567.44	-322,778.04		1,280,000.00				
Panasonic Cold-Chain (Dalian) Co., Ltd.	205,987,069.49			-112,859,182.84			2,797,849.22			90,330,037.43	
Panasonic Compressor (Dalian) Co., Ltd.	462,033,107.31			30,800,342.18			32,773,200.00			460,060,249.49	
Dalian Honjo Chemical Co., Ltd.	8,746,197.03			741,303.19			561,233.70			8,926,266.52	
Keinin-Grand Ocean Thermal Technology (Dalian) Co., Ltd.	55,934,955.38			4,864,112.90			2,000,000.00			58,799,068.28	
Beijing Huashang Bingshan Refrigeration and Air-conditioning Machinery Co., Ltd.	2,121,951.69			17,990.49						2,139,942.18	
Dalian Fuji Bingshan Vending Machine Co., Ltd.	184,454,138.22			-35,798,123.47						148,656,014.75	
MHI Bingshan Refrigeration (Dalian) Co.,Ltd.	14,891,119.67			32,684.20						14,923,803.87	

Investee	Beginning balance	Increase/Decrease							Ending balance	Provision for impairment	
		Increased	Decreased	Gains and losses recognized under the equity method	Adjustment of other comprehensive income	Change of other equity	Cash bonus or profits announced to issue	Provision for impairment of the current period			Others
Dalian Bingshan Group Huahuida Financial Leasing Co., Ltd	-	44,046,635.07		742,684.48						44,789,319.55	
Dalian Fuji Bingshan Vending Machine Sales Co., Ltd	43,546.35			-43,546.35						-	
Jiangsu Jingxue Insulation Technology Co.,Ltd	203,208,828.97			14,646,669.36		-16,123,970.29				201,731,528.04	
Panasonic cold Machine System (Dalian) Co., Ltd	30,034,799.53			2,341,469.67			3,895,484.27			28,480,784.93	
Dalian Bingshan Metal Technology Co.,Ltd	173,158,546.15			23,785,030.56			28,648,633.78			168,294,942.93	
Wuhan Sikafu Power Control Equipment Co., Ltd	4,360,034.66			12,540.82						4,372,575.48	
Total	1,508,841,767.31	44,046,635.07	147,270,127.38	-85,710,592.25	-322,778.04	-16,123,970.29	71,956,400.97			1,231,504,533.45	

13. Other non-current financial assets

Item	Closing Balance	Opening Balance
Financial assets classified as FVTPL	261,410,664.61	239,304,098.83
Including: equity instruments	261,410,664.61	239,304,098.83
Total	261,410,664.61	239,304,098.83

14. Investment property

(1) Investment property measured as cost model

Item	Property & building	Land-use-rights	Total
I. Initial cost			
1. Opening balance	232,232,862.29	26,094,438.38	258,327,300.67
2. Increase	-	-	-
(1) Purchase	-	-	-
(2) Transferred from fixed assets	-	-	-
3. Decrease	1,638,372.22	-	1,638,372.22
(1) Disposal	1,638,372.22	-	1,638,372.22
(2) Transferred to other	-	-	-
4. Closing Balance	230,594,490.07	26,094,438.38	256,688,928.45
II. Accumulated depreciation			
1. Opening balance	120,254,007.46	11,784,815.29	132,038,822.75
2. Increase	4,964,628.38	521,888.76	5,486,517.14
(1) Provision or amortization	4,964,628.38	521,888.76	5,486,517.14
(2) Acquired from business combination	-	-	-
3. Decrease	1,589,221.05	-	1,589,221.05
(1) Disposal	1,589,221.05	-	1,589,221.05
(2) Transferred to other	-	-	-
4. Closing balance	123,629,414.79	12,306,704.05	135,936,118.84
III. Impairment reserve			
1. Opening balance	-	-	-
2. Increase	-	-	-
(1) Provision or amortization	-	-	-
3. Decrease	-	-	-
(1) Disposal	-	-	-

Item	Property & building	Land-use-rights	Total
(2) Transferred to other	-	-	-
4. Closing balance	-	-	-
IV. Book value			
1. Closing book value	106,965,075.28	13,787,734.33	120,752,809.61
2. Opening book value	111,978,854.83	14,309,623.09	126,288,477.92

15. Fixed assets

Items	Closing Book Value	Opening Book Value
Fixed asset	855,395,405.85	866,198,856.04
Fixed asset disposal	-	-
Total	855,395,405.85	866,198,856.04

(1) Fixed assets detail

Item	Property & buildings	Machinery equipment	Transportation equipment	Other equipment	Total
I. Initial cost					
1. Opening balance	681,009,688.70	598,423,183.53	13,816,050.64	67,611,429.29	1,360,860,352.16
2. Increase	14,334,194.44	37,939,787.74	731,097.72	1,432,195.72	54,437,275.62
(1) Purchase	4,923,745.23	20,134,853.79	731,097.72	1,413,883.28	27,203,580.02
(2) Transferred from construction-in-progress	9,410,449.21	17,804,933.95	-	18,312.44	27,233,695.60
(3) Acquired from business combination	-	-	-	-	-
3. Decrease		19,109,659.24	1,632,948.89	7,507,883.83	28,250,491.96
(1) Disposal		19,109,659.24	1,632,948.89	7,507,883.83	28,250,491.96
(2) Transferred to other	-	-	-	-	-
(3) Acquired from business combination	-	-	-	-	-
4. Closing balance	695,343,883.14	617,253,312.03	12,914,199.47	61,535,741.18	1,387,047,135.82

Item	Property & buildings	Machinery equipment	Transportation equipment	Other equipment	Total
II. Accumulated depreciation					
1. Opening balance	110,559,657.19	321,922,328.23	9,532,630.58	52,129,560.62	494,144,176.62
2. Increase	20,785,743.79	36,857,989.35	749,782.79	5,191,605.31	63,585,121.24
(1) Accrued	20,785,743.79	36,857,989.35	749,782.79	5,191,605.31	63,585,121.24
(2) Acquired from business combination	-	-	-	-	-
3. Decrease		17,718,578.63	1,475,972.81	7,158,775.99	26,353,327.43
(1) Disposal		17,718,578.63	1,475,972.81	7,158,775.99	26,353,327.43
(2) Transferred to other	-	-	-	-	-
(3) Acquired from business combination	-	-	-	-	-
4. Closing balance	131,345,400.98	341,061,738.95	8,806,440.56	50,162,389.94	531,375,970.43
III. Impairment reserve					
1. Opening balance		517,319.50			517,319.50
2. Increase	-	-	-	-	-
(1) Accrued	-	-	-	-	-
3. Decrease	-	241,559.96	-	-	241,559.96
(1) Disposal	-	241,559.96	-	-	241,559.96
4. Closing balance	-	275,759.54	-	-	275,759.54
IV. Book value					
1. Closing book value	563,998,482.16	275,915,813.54	4,107,758.91	11,373,351.24	855,395,405.85
2. Opening book value	570,450,031.51	275,983,535.80	4,283,420.06	15,481,868.67	866,198,856.04

(2) Temporarily idle fixed assets: none.

(3) Fixed assets leased out under operating lease: none.

16. Construction-in-progress

Item	Closing book value	Opening book value
Construction-in-progress	38,974,478.45	34,254,599.42

Construction materials	-	
Total	38,974,478.45	34,254,599.42

(1) Construction-in-progress details

Item	Closing balance			Opening balance		
	Book balance	Provision	Book Value	Book balance	Provision	Book value
Buildings & reconstruction	2,457,434.83	-	2,457,434.83	3,628,913.65		3,628,913.65
Improvement of machinery	26,282,497.83	-	26,282,497.83	3,724,069.06		3,724,069.06
Software of intelligent manufacture	1,069,880.60	-	1,069,880.60	1,843,202.03		1,843,202.03
Technical renovation project of pressure energy in natural gas pipeline network	-	-	-	15,893,749.49		15,893,749.49
Financing lease item	9,164,665.19	-	9,164,665.19	9,164,665.19		9,164,665.19
Total	38,974,478.45	-	38,974,478.45	34,254,599.42		34,254,599.42

(2) Change in the significant construction in progress

Name	Opening balance	Increase	Decrease		Closing balance
			Transfer to FA/ Intangible assets	Other decrease	
Buildings & reconstruction	3,628,913.65	10,112,439.62	9,410,449.21	-	4,330,904.06
Improvement of machinery	3,724,069.06	22,394,788.54	1,709,829.00	-	24,409,028.60
Software of intelligent manufacture	1,843,202.03	83,185.83	856,507.26	-	1,069,880.60
Technical renovation project of pressure energy in natural gas pipeline network	15,893,749.49	219,667.90	16,113,417.39	-	-
Financing lease item	9,164,665.19	-	-	-	9,164,665.19
Total	34,254,599.42	32,810,081.89	28,090,202.86	-	38,974,478.45

(Continued)

Name	Budget	Percent of investment against budget(%)	Progress of construction	Accumulated capitalized interest	Including: accumulated capitalized interest of the year	Interest capitalization rate(%)	Source of funds
Buildings & reconstruction	15,241,000.00	28.42	28.42				Self financing
Improvement of machinery	50,358,032.00	48.47	48.47				Self financing
Software of intelligent manufacture	3,330,750.00	32.12	32.12				Self financing
Technical renovation project of pressure energy in natural gas pipeline network	19,614,500.00	100.00	100.00				Self financing
Financing lease item	15,020,000.00	61.02	61.02	837,440.00			Self financing borrowing
Total	—	—	—	—	—	—	—

17. Right-of-use assets

Item	Land use right	Patent	Non Patent	Others	Total
I. Initial cost					
1. Opening balance	2,501,302.25	29,049,058.84	-	526,894.11	32,077,255.20
2. Increase	2,326,296.24	-	334,540.86	-	2,660,837.10
(1) lease in	2,326,296.24	-	334,540.86	-	2,660,837.10
3. Decrease	-	814,368.45	-	-	814,368.45
4. Closing balance	4,827,598.49	28,234,690.39	334,540.86	526,894.11	33,923,723.85
II. Accumulated amortization					
1. Opening balance	-	4,601,162.49	-	26,587.68	4,627,750.17
2. Increase	1,654,921.59	3,673,481.35	111,513.62	117,114.00	5,557,030.56
(1) Accrued	1,654,921.59	3,673,481.35	111,513.62	117,114.00	5,557,030.56
3. Decrease	-	195,760.25	-	-	195,760.25
4. Closing balance	1,654,921.59	8,078,883.59	111,513.62	143,701.68	9,989,020.48
III. Impairment reserve					

Item	Land use right	Patent	Non Patent	Others	Total
1. Opening balance	-	-	-	-	-
2. Increase	-	-	-	-	-
3. Decrease	-	-	-	-	-
4. Closing balance	-	-	-	-	-
IV. Book value					
1. Closing book value	3,172,676.90	20,155,806.80	223,027.24	383,192.43	23,934,703.37
2. Opening book value	2,501,302.25	24,447,896.35		500,306.43	27,449,505.03

18. Intangible assets

Item	Land use right	Patent	Non-Patent	Others	Total
I. Initial cost					
1. Opening balance	151,187,270.24	17,630,188.82	5,000,000.00	30,994,907.82	204,812,366.88
2. Increase	-	-	-	5,053,917.37	5,053,917.37
(1) Purchase	-	-	-	4,197,410.11	4,197,410.11
(2) increase via merge	-	-	-	-	-
(3) Transferred from construction-in-progress	-	-	-	856,507.26	856,507.26
3. Decrease	-	-	-	2,041,480.71	2,041,480.71
(1) Disposal	-	-	-	2,041,480.71	2,041,480.71
(2) Transferred to investment property	-	-	-	-	-
4. Closing balance	151,187,270.24	17,630,188.82	5,000,000.00	34,007,344.48	207,824,803.54
II. Accumulated amortization					
1. Opening balance	36,211,973.05	6,038,799.65	2,500,004.00	14,618,868.94	59,369,645.64
2. Increase	3,061,044.46	1,572,360.20	500,000.00	2,769,845.85	7,903,250.51
(1) Accrued	3,061,044.46	1,572,360.20	500,000.00	2,769,845.85	7,903,250.51
(2) Increase from merger	-	-	-	-	-
3. Decrease	-	-	-	2,040,830.71	2,040,830.71
(1) Disposal	-	-	-	2,040,830.71	2,040,830.71
(2) Transferred to other	-	-	-	-	-
4. Closing balance	39,273,017.51	7,611,159.85	3,000,004.00	15,347,884.08	65,232,065.44
III. Impairment reserve					

Item	Land use right	Patent	Non-Patent	Others	Total
1. Opening balance					
2. Increase	-	-	-	-	-
(1)Accrued	-	-	-	-	-
(2) Others	-	-	-	-	-
3. Decrease	-	-	-	-	-
(1) Disposal	-	-	-	-	-
(2) Transferred to other	-	-	-	-	-
4.Closing balance	-	-	-	-	-
IV. Book value					
1. Closing book value	111,914,252.73	10,019,028.97	1,999,996.00	18,659,460.40	142,592,738.10
2. Opening book value	114,975,297.19	11,591,389.17	2,499,996.00	16,376,038.88	145,442,721.24

19. Goodwill

(1) Original cost of goodwill

Name	Opening Balance	Increased during current year		Decreased during current year		Closing Balance
		Enterprises merger increase	Other	Disposal	Other	
Dalian Niweisi LengNuan Techonoligy Co., Ltd.	1,440,347.92					1,440,347.92
Dalian Bingshan Group Construction Co., Ltd	310,451.57					310,451.57
Total	1,750,799.49					1,750,799.49

(2) Goodwill impairment provision

In the year 2015, the book value of equity investment of Dalian Niweisi LengNuan Technology Co., Ltd exceeds the fair value of the proportion of the acquired company's identifiable net asset. The difference between the book value of equity investment of 48, 287,589.78 Yuan and the identifiable net asset's fair value of Dalian Sanyo High-efficient Refrigeration System Co., Ltd of 46,847,241.86 Yuan on the acquisition date of July 31st, 2015 is recognized as goodwill of 1,440,347.92 Yuan on The Company consolidated financial report at the end of the year.

In the year 2016, Dalian Bingshan Group Construction Co., Ltd purchases shares of Dalian Bingshan Baoan Leisure Industry Co., Ltd and gains control. The transferred price is based on the net asset of Dalian BingshanBaoan Leisure Industry Co., Ltd on June 30th, 2016. Negotiated

with Dalian Bingshan Baoan Leisure Industry Co., Ltd's shareholder Baoan Water Project (China) Limited Company, the transfer price is the combination cost on the purchasing date which is 5,359,548.42 Yuan, the fair value of proportion of Dalian Bingshan Baoan Leisure Industry Company's identifiable net asset is 5,049,096.85 Yuan on the purchasing day, therefore, goodwill is 310,451.57 Yuan on the purchasing date. Dalian Bingshan Group Construction Co., Ltd absorbed Dalian Bingshan Baoan Leisure Industry Co., Ltd in 2019.

The book value of goodwill from business combination of Dalian Niweisi LengNuan Technology Co., Ltd and Dalian Bingshan Baoan Leisure Industry Co., Ltd which are not under same control shall be allocated into the relevant asset group using the reasonable method since acquisition date and taken impairment test on relevant asset group where the goodwill is included. The obvious impairment indication of the goodwill hasn't been found. Thus no goodwill impairment provision has been made.

20. Long-term unamortized expense

Item	Opening Balance	Increase	Amortization	Other Decrease	Closing balance
Employee's dormitory use right	1,873,692.06		138,478.32		1,735,213.74
Renovation and rebuilding	1,172,157.14		151,335.00		1,020,822.14
Membership fee for golf	423,500.00		16,500.00		407,000.00
Technology entrance fee of cold and heat machinery	466,781.25		373,425.00		93,356.25
Greenland of new factory	5,724,407.62		892,115.52		4,832,292.10
Total	9,660,538.07		1,571,853.84		8,088,684.23

21. Deferred tax assets and deferred tax liabilities

(1) Deferred tax assets without offsetting

Item	Closing balance		Opening balance	
	Deductible temporary difference	Deferred tax assets	Deductible temporary difference	Deferred tax assets
Provision for credit impairment	367,572,645.45	77,433,815.32	298,515,515.22	60,167,592.33
Provision for impairment of assets	55,608,764.16	10,412,376.27	23,719,518.02	4,011,984.07
Provision	-	-	7,171,726.51	1,792,931.63
Deductible loss	-	-	3,581,714.09	895,428.52
Unrealized profit from internal transaction	13,555,883.61	2,033,382.54	14,077,263.75	2,111,589.56
Total	436,737,293.22	89,879,574.13	347,065,737.59	68,979,526.11

(2) Deferred tax liabilities without offsetting

Item	Closing balance		Opening balance	
	Taxable temporary difference	Deferred tax liabilities	Taxable temporary difference	Deferred tax liabilities
Change on FV of other non-current financial assets	237,308,998.02	35,596,349.70	213,402,432.24	32,010,364.83
Total	237,308,998.02	35,596,349.70	213,402,432.24	32,010,364.83

(3) Unrecognized deferred tax assets details

Item	Closing balance	Opening balance
Deductible temporary difference	30,659,975.23	3,738,153.26
Deductible loss	224,773,151.64	107,036,874.97
Total	255,433,126.87	110,775,028.23

(4) Unrecognized deductible loss of deferred tax assets expired years

Year	Closing balance	Opening balance	Notes
2022	716,158.09	716,158.09	
2023	16,458,262.38	16,458,262.38	
2024	61,554,422.97	62,405,136.73	
2025	21,436,832.18	27,457,317.77	
2026	124,607,476.02		
Total	224,773,151.64	107,036,874.97	

22. Short-term borrowing

(1) Category of short term borrowing

Loan category	Closing balance	Opening balance
Credit loan	230,373,666.72	276,011,600.00
Mortgaged loan	9,025,000.00	6,960,000.00
Pledged loan	6,538,425.00	
Total	245,937,091.72	282,971,600.00

23. Notes payable

Notes Category	Closing balance	Opening balance
Bank acceptance notes	372,141,300.89	293,073,330.48
Commercial acceptance notes	7,891,738.67	2,078,041.90
Total	380,033,039.56	295,151,372.38

Note: There is no due note unpaid at the year end.

24. Accounts payable

(1) Accounts payable

Item	Closing balance	Opening balance
Material payments	558,353,834.37	459,748,015.17
Project payments	328,569,617.62	227,092,621.70
Equipment payments	31,092,321.64	76,820,952.59
Others	1,856,153.90	3,605,642.97
Total	919,871,927.53	767,267,232.43

(2) Main accounts payable with age over 1 year

Name of company	Closing balance	Reason of unpaid or not carried forward
Haoxing Nengtou(Beijing) Assets management Co.,Ltd	7,039,659.99	Payment is undue
Lixingkai (Beijing) Energy System Technology Co.,Ltd	4,772,705.82	Payment is undue
Guangdong Shenling Environmental System Co., LTD	3,354,251.85	Payment is undue
Heilongjiang Longleng Technology Co., Ltd	3,209,930.00	Payment is undue
Hangzhou Zhonghong New Energy Co., Ltd	2,914,000.00	Payment is undue
Total	21,290,547.66	—

25. Contract liability

(1) Details

Item	Closing balance	Opening balance
Received in advance due from unrealized revenue	499,719,963.40	295,100,657.10
Total	499,719,963.40	295,100,657.10

(2) Significant change on the book value

Item	Change amount	Change reason
Received in advance due from unrealized revenue	204,619,306.30	According to the contract, received the payment from the client in advance
Total	204,619,306.30	

26. Employee's payable

(1) Category of employee's payable

Item	Opening balance	Increase	Decrease	Closing balance
Short-term employee's	31,125,808.94	327,144,789.45	323,122,028.02	35,148,570.37

Item	Opening balance	Increase	Decrease	Closing balance
payable				
Post-employment benefit –defined contribution plan		32,661,497.29	32,661,285.18	212.11
Termination benefits				
Other welfare due within 1 year				
Total	31,125,808.94	359,806,286.74	355,783,313.20	35,148,782.48

(2) Short-term employee's payables

Item	Opening balance	Increase	Decrease	Closing balance
Salaries, bonus, allowance, and subsidy	26,526,326.00	262,869,852.53	258,139,697.01	31,256,481.52
Welfare	3,080,018.99	15,255,636.90	16,486,324.24	1,849,331.65
Social insurance	16,445.29	20,092,705.81	20,108,489.90	661.20
Include: Medical insurance	14,860.20	15,790,951.51	15,805,811.71	-
Supplemental insurance		106,401.57	106,401.57	-
On-duty injury insurance		2,228,615.47	2,227,954.27	661.20
Maternity insurance	1,585.09	1,966,737.26	1,968,322.35	-
Housing funds		21,190,651.04	20,885,458.23	305,192.81
Labor union and training expenses	1,503,018.66	4,922,833.61	4,688,949.08	1,736,903.19
Short-term leave with pay		-	-	-
Short term profit share plan		-	-	-
Others		2,813,109.56	2,813,109.56	-
Total	31,125,808.94	327,144,789.45	323,122,028.02	35,148,570.37

(3) Defined contribution plan

Item	Opening balance	Increase	Decrease	Closing balance
Pension		31,621,058.85	31,621,058.85	-
Unemployment insurance		1,040,438.44	1,040,226.33	212.11

Item	Opening balance	Increase	Decrease	Closing balance
Company annuity plan		-	-	-
Total		32,661,497.29	32,661,285.18	212.11

27. Tax payable

Item	Closing balance	Opening balance
Value-added tax	8,428,289.41	2,830,255.88
Enterprise income tax	825,185.23	3,114,706.06
Real estate tax	1,910,131.37	1,899,793.53
Land use tax	1,094,769.07	1,094,760.28
Individual income tax	471,053.12	216,213.81
Stamp duty	477,653.78	151,410.38
City maintenance and construction tax	178,955.65	238,887.83
Education surcharge	127,825.46	167,925.89
River toll fee	984.73	240.59
Total	13,514,847.82	9,714,194.25

28. Other accounts payable

Item	Closing balance	Opening balance
Interest payable	-	1,839,166.81
Dividend payable	3,008,156.00	533,156.00
Other accounts payable	52,275,984.21	40,645,143.57
Total	55,284,140.21	43,017,466.38

28.1 Interest payable

Item	Closing balance	Opening balance
Interest on short term loan		1,703,750.01
Interest on corporate bond		135,416.80
Total		1,839,166.81

28.2 Dividend payable

Item	Closing balance	Opening balance
Ordinary share dividend	3,008,156.00	533,156.00
Total	3,008,156.00	533,156.00

28.3 Other accounts payable

(1) Other payables categorized by payments nature

Payments nature	Closing balance	Opening balance
Cash pledge and security deposit	11,879,889.59	8,518,729.05
Apply for reimbursement and unpaid	10,784,375.08	11,557,803.69
Receipts under custody	2,449,487.90	6,191,124.03
Others	27,162,231.64	14,377,486.80
Total	52,275,984.21	40,645,143.57

29. Non-current liabilities due within one year

Item	Closing balance	Opening balance
Bond payable due within one year	-	25,000,034.00
Long-term payable due within one year	13,876,415.99	2,399,351.64
Lease obligation due within one year	10,298,972.13	11,098,566.54
Total	24,175,388.12	38,497,952.18

30. Other current liabilities

Item	Closing balance	Opening balance
Notes payable endorsed not derecognized	143,288,366.08	121,572,682.35
Output Vat to be carried forward	51,924,840.83	30,601,263.95
Total	195,213,206.91	152,173,946.30

31. Long-term borrowing

(1) Category of long-term borrowing

Category	Closing Balance	Opening Balance
Guarantee loan	150,000,000.00	160,000,000.00
Total	150,000,000.00	160,000,000.00

Note: In year 2016, the Development Fund from China Development Bank gave support to the Company's intelligent and green equipment of cold chain and service industry base project and provided special fund to the Company's holding shareholder, Bingshan Group. The fund is 0.15 billion Yuan with 10year's expiration at 1.2% rate. Once the fund arrived, Bingshan Group gave it to the Company at the same rate of 1.2% in lump sum. The above fund needed to be warranted by the Company. The guarantee seems to be given for the holding shareholder, but it is for the Company itself in fact.

32. Lease obligation

(1) Details of lease obligation

Category	Closing balance	Opening balance
Lease payment	16,861,280.02	27,625,677.55
Less: unrecognized finance expense	1,168,286.75	2,708,634.55

Category	Closing balance	Opening balance
Non-current liability due within 1 year	10,298,972.13	11,098,566.54
Net lease liability	5,394,021.14	13,818,476.46

(2) Maturity

Category	Closing Balance
Minimum lease payment for an irrevocable operating lease:	
1 st year after balance sheet date	11,178,301.29
2 nd year after balance sheet date	4,502,179.39
3 rd year after balance sheet date	442,954.02
Subsequent years	737,845.32
Total	16,861,280.02

33. Long term accounts payable

Item	Closing Balance	Opening Balance
Long term accounts payable	19,998,913.29	1,964,463.77
Total	19,998,913.29	1,964,463.77

33.1 Category by nature

Nature	Closing Balance	Opening Balance
Financial lease borrowings	19,998,913.29	1,964,463.77
Total	19,998,913.29	1,964,463.77

34. Provision

Nature	Closing Balance	Opening Balance
Open litigation		7,592,239.01
Total		7,592,239.01

35. Deferred income

(1) Category of deferred income

Item	Opening Balance	Increase	Decrease	Closing Balance
Government subsidy	104,457,568.86	8,135,944.83	6,408,189.87	106,185,323.82
Total	104,457,568.86	8,135,944.83	6,408,189.87	106,185,323.82

(2) Government subsidy

Government subsidy item	Opening Balance	Increase	Into non-operating income	Into other income	The value offset cost and expense this year	Closing Balance	Related with asset/ income
Subsidy fund for highly effective heat pump and related system	48,412.65				48,412.65		Asset related
Contribution to subsidiary company relocation	40,104,000.00	-	-	1,114,000.00	-	38,990,000.00	Asset related
Application of NH3 and CO2 instead of R22 screw refrigerating machine combined condensing unit	16,398,350.48	8,135,944.83	-	-	2,028,323.87	22,505,971.44	Asset Related
Compressor IC system	3,907,129.99	-	-	-	368,769.72	3,538,360.27	Asset related
Ultrasonic intelligent defrost technology	3,716,010.90	-	-	30,000.00	264,833.48	3,421,177.42	Asset related/ Income
Eco Compressor project	22,529,321.64	-	-	-	2,553,850.15	19,975,471.49	Asset related
R290 replacement of R22 large industrial screw unit	13,006,663.20	-	-	-	-	13,006,663.20	Asset related
R290 replacement of R22 industrial double stage screw unit	4,747,680.00					4,747,680.00	Asset related
Total	104,457,568.86	8,135,944.83	-	1,144,000.00	5,264,189.87	106,185,323.82	—

Note: Asset related grant shall be offset the cost or expense within the asset's useful life; income related grant shall be booked into other income or offset cost or expense if it is relevant to daily activity, otherwise it shall be booked into non-operating income.

36. Share capital

Item	Opening balance	Increase/decrease (+, -)					Closing balance
		New share issued	Share dividend	Transfer from capital reserve	others	Subtotal	
Total share capital	843,212,507.00						843,212,507.00

37. Capital reserves

Items	Opening Balance	Increase	Decrease	Closing Balance
Share premium	659,622,044.20	9,571,369.07	-	669,193,413.27
Other capital reserves	67,146,423.80	-	16,123,970.29	51,022,453.51
Total	726,768,468.00	9,571,369.07	16,123,970.29	720,215,866.78

Note1: the increased share premium of capital reserve is the amount of that the consideration paid for purchasing minority interest of Dalian Bingshan Air-conditioning Equipment Co., Ltd is less than the share of the identifiable net asset in the subsidiary.

Note2: other capital reserve decreased during the year is the dilution of shareholding from 29.21% to 21.91% due to Jiangsu Jingxue Insulation Technology Co.,Ltd new shares issued in June in Shenzhen Stock Exchange, so goodwill and share of the net assets in Jiangsu Jingxue Insulation Technology Co.,Ltd decreased.

38. Other comprehensive income

Items	Opening Balance	Current year					Closing Balance
		Amount for the period before income tax	Less: Previously recognized in profit or loss into other comprehensive income	Less: income tax	After-tax attribute to the parent company	After-tax attribute to minority shareholder	
I. Later can't reclassified into profit and loss of other comprehensive income							
II. Later reclassified into profit and loss of other comprehensive income	2,501,459.77		322,778.04				2,178,681.73
Other comprehensive income that can be transferred to profit or loss under the equity method	2,501,459.77		322,778.04				2,178,681.73
Other comprehensive income total	2,501,459.77		322,778.04				2,178,681.73

39. Surplus reserves

Item	Opening Balance	Increase	Decrease	Closing Balance
Statutory surplus reserve	347,216,790.47	-	-	347,216,790.47
Discretionary surplus reserve	449,469,025.26	12,785,383.91	-	462,254,409.17
Total	796,685,815.73	12,785,383.91	-	809,471,199.64

Note: The Company made FY2020 profit appropriation plan within the reporting period. According to the general meeting on May 15, 2021, 20% of net profit is provided for discretionary surplus reserve.

40. Undistributed profits

Item	Current year	Last year
Closing balance of last year	997,601,577.97	1,038,358,782.59
Add: Adjustments to the opening balance of undistributed profits	-79,559,636.71	

Item	Current year	Last year
Including: additional retrospective adjustments according to the new accounting standards	-	
Change on accounting policy	-	
Correction of prior period significant errors	-	
Change on combination scope under same control	-	
Other factors	-79,559,636.71	
Opening balance of current year	918,041,941.26	1,038,358,782.59
Add: net profit attributable to shareholders of parent company in the year	-269,059,849.96	21,341,133.39
Less: Provision for statutory surplus reserves	-	6,392,691.96
Provision for any surplus reserves	12,785,383.91	30,409,270.84
Provision of general risk	-	
Dividends payable for common shares	8,432,125.07	25,296,375.21
Common stock dividends converted to equity	-	
Extract employee rewards and welfare funds	-	
Closing balance of current year	627,764,582.32	997,601,577.97

Adjustment of opening undistributed profit

The Company adopts the new financial instrument standard earlier than its affiliates. During the period when the affiliates did not adopt the new standard, the Company did not adjust the financial statement of affiliates under equity method due to restriction to the objective condition. In accordance with the 5th implementation feedback of Accounting Standards for Business Enterprises in 2021 given by Accounting Division of Ministry of Finance, the Company made an adjustment to the opening balance of financial statements of FY 2021 under equity method as the affiliates adjusted the opening balance since January 1, 2021 in accordance with the new standard.

41. Operating revenue and cost

(1) Details

Items	Current year		Last year	
	Sales revenue	Cost of sales	Sales revenue	Cost of sales
Revenue from principle operation	2,031,958,305.49	1,808,263,206.67	1,680,314,480.42	1,401,374,951.04
Revenue from other operation	57,249,950.73	41,268,065.62	46,953,454.73	31,149,158.87
Total	2,089,208,256.22	1,849,531,272.29	1,727,267,935.15	1,432,524,109.91

(2) Main revenue from contract details

Contract classification	Total
Classified at products type	2,031,958,305.49
Manufacture products	1,328,371,290.81
Project installation	652,866,257.62
Other products and service	50,720,757.06
Classified at geography location	2,031,958,305.49
domestic	1,936,838,033.86
overseas	95,120,271.63

42. Taxes and surcharges

Items	Current year	Last year
City construction tax	2,697,059.55	1,611,470.71
Education surcharge	1,937,881.46	1,147,208.51
Property tax	7,889,230.05	7,337,286.22
Land use tax	4,770,267.58	4,068,191.93
Vehicle and vessel tax	1,628,433.67	1,253,726.37
Stamp duty	25,419.48	31,694.48
Others	3,559.17	6,534.92
Total	18,951,850.96	15,456,113.14

43. Selling expenses

Items	Current year	Last year
Employee benefit	79,027,032.72	40,196,358.86
Official business expense	17,287,793.62	14,256,723.26
Maintenance and repair expense	10,817,179.44	5,527,611.04
Travel expense	9,309,818.45	10,998,391.78
Business entertaining expense	9,790,470.43	9,966,831.47
Advertisement and bids expense	2,335,235.14	2,139,949.39
Depreciation expense	1,781,527.37	227,836.85
Other expense	284,852.13	426,774.25
Total	130,633,909.30	83,740,476.90

44. Administrative expenses

Items	Current year	Last year
Employee benefit	104,074,747.58	101,631,233.81
Official expense	17,723,620.65	17,274,897.46
Depreciation expense	12,382,260.68	10,423,498.19
Maintenance and repair expense	8,501,811.94	6,754,128.80

Items	Current year	Last year
Long-term assets amortization	7,564,598.02	7,508,381.76
Travel expense	5,387,065.85	2,885,657.48
Design consultant and test service expense	4,398,890.50	5,024,778.03
Safety production cost	3,799,007.87	3,239,077.20
Business entertaining expense	2,248,318.02	2,335,952.36
Insurance expense	931,137.81	764,446.72
Advertisement expense	875,051.39	364,933.57
Transportation expense	671,904.44	702,607.23
Other taxes and fee	559,693.52	83,529.05
Other expense	1,495,327.88	1,302,248.87
Total	170,613,436.15	160,295,370.53

45. Technology development expense

Items	Current year	Last year
Employee benefit	46,269,704.41	38,877,014.74
Raw material	11,493,089.36	4,479,120.55
Depreciation and amortization expense	4,541,949.24	4,524,355.03
Other expense	2,965,022.22	1,277,766.46
Total	65,269,765.23	49,158,256.78

46. Financial expenses

Items	Current year	Last year
Interest expenses	16,718,288.26	22,795,380.51
Less: interest income	5,193,155.75	2,435,386.06
Add: exchange loss	-898,833.22	3,199,444.76
Add: others expenditure	3,315,626.94	2,919,870.16
Total	13,941,926.23	26,479,309.37

47. Other income

Items	Current year	Last year
Government subsidy	10,728,811.44	18,938,565.95
Personal income tax handling fee refund	70,983.39	688,552.44
Job stability subsidy	-	477,452.00
Total	10,799,794.83	20,104,570.39

48. Investment income

Items	Current year	Last year
Long-term equity investment gain under equity method	-85,710,592.25	79,024,253.68

Gain from disposal of long-term equity investment	27,665,072.62	12,859,589.96
Gain from holding of tradable financial assets		
Gain from disposal of tradable financial assets		
Gain from FV remeasurement of the remaining shares after losing control		
Gain from holding of other noncurrent financial assets	7,255,249.48	5,372,826.87
Gain from disposal of other no-ncurrent financial assets	2,523,680.32	7,180,485.22
Gain on Debt restructuring	819,297.68	
Total	-47,447,292.15	104,437,155.73

49. Gain on fair value change

Source of gain on FV change	Current year	Last year
Other noncurrent financial assets	52,398,565.78	-14,797,607.68
Total	52,398,565.78	-14,797,607.68

50. Credit impairment loss (loss listed as “-“)

Items	Current year	Last year
Credit impairment loss on notes receivable	2,055,299.46	1,310,734.78
Credit impairment loss on receivable	-97,597,742.66	-20,792,681.30
Credit impairment loss on other receivable	107,768.08	-6,016,822.24
Credit impairment loss on long term receivable	4,636,661.13	-9,218,793.44
Total	-90,798,013.99	-34,717,562.20

51. Assets impairment losses (loss listed as “-“)

Items	Current year	Last year
Loss of contract asset impairment	-3,296,146.61	-5,065,258.60
Loss on impairment of inventory and cost to fulfill the contract obligation	-46,330,540.22	-8,411,139.41
Total	-49,626,686.83	-13,476,398.01

52. Gain on assets disposal (loss listed as “-“)

Item	Current year	Last year	Amounts recognized into current non-recurring profit or loss
Gain on non-current assets disposal	59,272.29	-169,550.05	59,272.29
Including: gain on non-current assets disposal not classified as held for sale	59,272.29	-169,550.05	59,272.29
Including: gain on fixed	59,272.29	-169,550.05	59,272.29

assets disposal			
Total	59,272.29	-169,550.05	59,272.29

53. Non-operating income

(1) Non-operating income list

Item	Current year	Last year	Amounts recognized into non-recurring profit or loss for the year
Gain on debts restructuring	-	681,549.89	-
Other items	1,491,460.42	729,839.86	1,491,460.42
Contract withdrawn and received in advance transferred to non-operating income	2,983,246.50	-	2,983,246.50
Total	4,474,706.92	1,411,389.75	4,474,706.92

54. Non-operating expenses

Item	Current year	Last year	Amounts recognized into non-recurring profit or loss for the year
Non-current assets scrap loss	1,474,287.01	238,773.51	1,474,287.01
Outward donation	60,000.00	60,000.00	60,000.00
Expected loss for open litigation	-	7,592,239.01	-
Compensation	7,680,000.00		7,680,000.00
Inventory shortage	2,303.16		2,303.16
Others	402,800.25	250,241.11	402,800.25
Total	9,619,390.42	8,141,253.63	9,619,390.42

55. Income tax expenses

(1) Income tax expenses

Items	Current year	Last year
Current income tax expenses	3,010,709.68	7,201,935.68
Deferred income tax expenses	-17,314,063.15	-15,786,702.19
Total	-14,303,353.47	-8,584,766.51

(2) Adjustment process of accounting profit and income tax expense

Items	Current year
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Items	Current year
Consolidated total profit this year	-289,492,947.51
Income tax expenses at applicable tax rate	-43,423,942.13
Effect on subsidiary applied to different tax rate	-14,992,264.33
Effect on prior period income tax	479,768.28
Effect on non-taxable income	
Effect on non-deductible cost, expense and loss	22,098,662.07
Effect on use of deductible loss from unrecognized deferred tax assets in the prior period	-1,819,963.78
Effect on temporary difference or deductible loss from unrecognized deferred tax assets this year	31,231,561.02
Effect on deduction/ exemption of income tax	
R&D expenditure accelerated deduction	-7,877,174.60
Income tax expense	-14,303,353.47

56. Other comprehensive income

Refer to the note “VI.38 Other comprehensive income” for details.

57. Notes to cash flow statement

(1) Cash receipt/payment of other operating/investing/financing activities

1) Other cash received relating to operating activities

Items	Current year	Last year
Government grants	14,489,543.00	24,996,436.54
Received travel expense refund	2,497,395.96	4,828,777.61
Deposit given back	41,513,085.25	36,950,909.92
Receivable from relate party	-	11,000,000.00
Interest income	4,037,645.63	2,637,279.19
Receivable from the 3 rd party	-	177,570.52
Others	1,755,419.70	1,525,094.13
Total	64,293,089.54	82,116,067.91

2) Other cash paid relating to operating activities

Items	Current year	Last year
Business travel borrowing	9,534,563.41	7,009,973.81
Deposit paid	42,860,074.05	47,940,846.54
Expenditure	91,537,037.91	74,311,911.83
Unsettled AR/AP among related party	11,027,444.39	11,000,000.00
Bank handling charges	3,024,534.78	2,375,268.90
Others	4,592,818.07	4,342,577.27

Items	Current year	Last year
Total	162,576,472.61	146,980,578.35

3) Others cash received relating to financing activities

Items	Current year	Last year
Collection of guarantee money at the year end	56,369,665.56	30,591,791.66
Sale leaseback and financial lease	27,476,663.49	25,898,027.71
Total	83,846,329.05	56,489,819.37

4) Others cash paid relating to financing activities

Items	Current year	Last year
Payment of guarantee money	75,003,788.58	56,369,665.56
Sale& leaseback and financial lease	22,971,894.19	21,827,295.59
Purchase of minority interest	8,765,615.00	
lease premium	5,246,090.60	
Total	111,987,388.37	78,196,961.15

(2) Supplementary information of consolidated cash flow statement

Items	Current year	Last year
1. Adjusting net profit into cash flows of operating activities:	—	—
Net profit	-275,189,594.04	22,849,809.33
Add: Provision for impairment of assets	49,626,686.83	13,476,398.01
Provision for impairment of credit	90,798,013.99	34,717,562.20
Depreciation of fixed assets, Amortization of mineral resources, and biological assets	85,379,019.94	76,389,416.86
Depreciation of right-of-use assets	5,557,030.56	
Amortization of intangible assets	7,903,250.51	6,731,291.97
Amortization of long-term deferred expenses	1,571,853.84	1,986,307.40
Losses on disposal of fixed assets, intangible assets, and long-term assets (income listed with"-")	-59,272.29	169,550.05
Losses on write-off of fixed assets (income listed with"-")	1,536,590.17	238,773.51
Change of fair value profit or loss	-52,398,565.78	14,797,607.68
Financial expense (income listed with"-")	18,951,092.91	22,795,380.51
Investment loss (income listed with"-")	47,447,292.15	-104,437,155.73
Decrease of deferred tax assets(increase listed with"-")	-20,900,048.02	-6,581,861.03
Increase of deferred tax liabilities(decrease listed with"-")	3,585,984.87	-9,204,841.16

Items	Current year	Last year
Decrease of inventories (increase listed with"-")	-324,479,019.61	-180,341,865.83
Decrease of operating receivables (increase listed with"-")	-45,570,227.23	-61,894,148.27
Increase of operating payables (decrease listed with"-")	407,758,129.57	155,165,347.05
Others	-	
Net cash flows arising from operating activities	1,518,218.37	-13,142,427.45
2. Significant investment and financing activities unrelated to cash income and expenses		
Liabilities transferred to capital	-	
Convertible bonds within 1 year	-	25,000,034.00
Financing leased fixed assets	-	
3. Net increase (decrease) of cash and cash equivalent		
Closing balance of cash	438,969,337.87	314,978,460.49
Less: Opening balance of cash	314,978,460.49	301,527,354.56
Add: Closing balance of cash equivalent		
Less: Opening balance of cash equivalent		
Net increase of cash and cash equivalent	123,990,877.38	13,451,105.93

(3) Cash and cash equivalents

Items	Current year	Last year
Cash	438,969,337.87	314,978,460.49
Including: Cash on hand	99,580.64	154,668.54
Bank deposit used for paying at any moment	438,869,757.23	314,823,791.95
Other monetary fund for paying at any moment	-	
Deposit fund in central bank available for payment	-	
Cash equivalent		
Including: bonds investment with maturity in 3 months	-	
Closing balance of cash and cash equivalents	438,969,337.87	314,978,460.49
Cash and cash equivalents restricted in the parent company or subsidiary	-	

58. The assets with the ownership or use right restricted

Items	Current year	Reasons
Monetary fund	83,689,167.92	Guarantee money frozen fund
Notes Receivable	6,420,000.00	Pledge
Fixed asset	89,417,838.05	Pledge

Items	Current year	Reasons
Investment asset	38,955,728.90	Pledge
Intangible asset	8,266,573.44	Pledge

Note: The bank account of Dalian Bingshan Group Sales Co., Ltd is frozen due to litigations, the amount is 3,407,480.07 Yuan. Dalian Bingshan Group Engineering Co., Ltd 's bank account is frozen due to litigations, the amount is 900,000 Yuan.

Dalian Niweisi LengNuan Techonoligy Co., Ltd. pledged the bank acceptance note to China Merchants bank Dalian Branch as guarantee for issuing the commercial acceptance note.

Dalian Xinminghua Electrical Technology Co., Ltd. pledged the bank acceptance note to China Merchants bank Dalian Jinpu Branch as guarantee for issuing the commercial acceptance note.

Dalian Bingshan Air-conditioning Equipment Co., Ltd. pledged the bank acceptance note to ICBC bank Dalian DDZ Branch as guarantee for issuing the commercial acceptance note.

The Company's subsidiary, Wuhan New World Refrigeration Industry Co., LTD., mortgaged its fixed assets, intangible assets and the investment real estate to China EverBright Bank Co., LTD., Wuhan Branch, as an integrated limit of credit used for local and foreign loans, trade financing, discount, acceptance, letter of credit, letter of guarantee, factoring, guarantee and other specific credit business.

59. Monetary category of foreign currency

(1) Monetary category of foreign currency

Item	Closing Balance (foreign currency)	Exchange Rate	Closing Balance (RMB)
Cash			2,660,385.74
Including: USD	409,800.64	6.3757	2,612,773.25
GBP	0.10	8.6064	0.86
JPY	859,183.00	0.055415	47,611.63
Accounts receivable			29,819,217.13
Including: USD	4,254,703.76	6.3757	27,126,714.76
GBP	170,311.86	8.6064	1,465,771.99
JPY	22,137,154.00	0.055415	1,226,730.38
Accounts payable			5,104,241.14
Including: USD	734,147.40	6.3757	4,680,703.58
Euro	1,330.00	7.2197	9,602.20
GBP	37,274.28	8.6064	320,797.36
JPY	1,720,000.00	0.055415	93,138.00

60. Government Grants

(1) Basic information

Category	Amount	Disclosure	Amount recognized in current profit and loss
Efficiency pump and its supporting systems	7,800,000.00	Deferred income/cost of sales/expense	48,412.65
Relocation compensation	42,332,000.00	Deferred income/other income	1,114,000.00
Application of combined compression NH3&Co2 replace R22	29,409,622.81	Deferred income/cost of sales/expense	2,028,323.87
Refrigeration Compressor Intelligent Manufacturing System Fund	5,000,000.00	Deferred income/cost of sales/expense	368,769.72
Ultrasonic defrosting technology	9,841,800.00	Deferred income/cost of sales/expense/other income	294,833.48
Environmental protection and energy saving refrigeration and air conditioning compressor technology industrialization project	31,000,000.00	Deferred income/cost of sales/expense	2,553,850.15
R290 replace R22	13,006,663.20	Deferred income	-
R290 replace R22 twin stage screw sets	4,747,680.00	Deferred income	-
R22 update	4,675,798.59	Other Income	4,675,798.59
Dalian Jinpu Finance Center-after R&D investment subsidy	1,544,700.00	Other Income	1,544,700.00
High-tech enterprise recognition subsidy	793,000.00	Other Income	793,000.00
Xiaojuren subsidy of Dalian industry & information bureau	600,000.00	Other Income	600,000.00
R&D subsidy of Dongkejing No.2021-28	568,800.00	Other Income	568,800.00
Subsidy of FY2021	400,000.00	Other Income	400,000.00
Export credit insurance premium support fund	263,500.00	Other Income	263,500.00
Vocational skills training subsidies	234,810.00	Other Income	234,810.00
Technology reward of 2020-Dalian Science Technology Bureau	200,000.00	Other Income	200,000.00
Service standardized subsidy by Liaoning	150,000.00	Other Income	150,000.00

Category	Amount	Disclosure	Amount recognized in current profit and loss
Market Supervision Administration			
Manufacture innovation center special funds	80,000.00	Other Income	80,000.00
Others	74,202.85	Other Income	74,202.85
Total	152,722,577.45	-	15,993,001.31

VII. Change of Consolidation Scope

There are no changes in scope of consolidation

VIII. Interest in other entity

1. Equity of subsidiaries

(1) Organization structure of group company

Name of subsidiaries	Main business address	Registered address	Business nature	Shareholding (%)		Obtaining method
				Direct	Indirect	
Dalian Bingshan Group Engineering Co., Ltd.	Dalian	Dalian	Installation	100		Establish
Dalian Bingshan Group Sales Co., Ltd.	Dalian	Dalian	Trading	100		Establish
Dalian Bingshan Air-conditioning Equipment Co., Ltd.	Dalian	Dalian	Manufacturing	100		Establish
Dalian Bingshan JiaDe Automation Co., Ltd.	Dalian	Dalian	Manufacturing	100		Establish
Dalian Bingshan Lingshe Quick Freezing Equipment Co., Ltd.	Dalian	Dalian	Manufacturing	100		Establish
Wuhan New World Refrigeration Industrial Co., Ltd.	Wuhan	Wuhan	Manufacturing	100		Acquisition
Bingshan Technical Service (Dalian) Co.,Ltd.	Dalian	Dalian	Services	100		Establish
Dalian Xinminghua Electrical Technology	Dalian	Dalian	Electronic	100		Acquisition

Name of subsidiaries	Main business	Registered address	Business nature	Shareholding (%)	Obtaining method
Co., Ltd					
Dalian Niweisi LengNuan Technology Co., Ltd.	Dalian	Dalian	Manufacturing	55	Acquisition
Dalian Bingshan International Trading Company	Dalian	Dalian	Service	100	Acquisition
Wuhan New World Air-conditioning Refrigeration Engineering Co., Ltd	Wuhan	Wuhan	Installation	100	Establish
Wuhan Lanning Energy Technology Co., Ltd.	Wuhan	Wuhan	Trading	54.55	Acquisition
Ningbo Bingshan Air-conditioning Refrigeration Engineering Co., Ltd	Ningbo	Ningbo	Installation	51	Establish
Chengdu Bingshan Refrigeration Engineering Co., Ltd.	Chengdu	Chengdu	Services	51	Establish

- 1) All the proportion of shareholding in subsidiaries were the same with voting right.
- 2) The Company held over 50% voting right in subsidiaries and could control these subsidiaries with over 50% voting right.

(2) There are no significant non-subsidiaries.

2. Equity in joint venture arrangement or associated enterprise

(1) The important affiliated companies

Name of joint ventures or affiliated companies	Main business address	Registered address	Business nature	Shareholding (%)		Accounting methods
				Direct	Indirect	
Panasonic Cold-chain (Dalian) Co., Ltd	Dalian	Dalian	Manufacturing	40		Equity method

Name of joint ventures or affiliated companies	Main business address	Registered address	Business nature	Shareholding (%)		Accounting methods
				Direct	Indirect	
Dalian Fuji Bingshan Vending Machine Co., Ltd	Dalian	Dalian	Manufacturing	49		Equity method
Panasonic Compressor (Dalian) Co., Ltd	Dalian	Dalian	Manufacturing	40		Equity method
Jiangsu Jingxue Insulation Technology Co.,Ltd	Changzhou	Changzhou	Manufacturing	21.91		Equity method
Dalian Bingshan Metal Technology Co., Ltd.	Dalian	Dalian	Manufacturing	49.00		Equity method

- 1) The Company has the same percentage of shareholding and voting right in joint-venture or affiliated company.
- 2) The Company doesn't have affiliated company which has significant influence although being held less than 20% voting rights.
- 3) The Company doesn't have joint venture or affiliated companies which have no significant influence although being held 20% or more voting rights.

(2)The key financial information of affiliated companies

Items	Closing balance/Current year				
	Dalian Fuji Bingshan Vending Machine Co., Ltd	Panasonic Cold-chain (Dalian) Co., Ltd	Panasonic Compressor (Dalian) Co., Ltd	Jiangsu Jingxue Insulation Technology Co.,Ltd	Dalian Bingshan Metal Technology Co., Ltd.
Current assets	519,702,256.24	1,581,760,317.20	1,277,834,286.47	1,288,722,048.45	330,379,711.49
Including: Cash and cash equivalents	41,894,346.04	22,381,748.30	112,967,780.24	197,139,783.12	133,070,727.90
Non-current assets	234,103,971.93	290,838,647.69	307,229,051.83	235,300,482.93	39,596,544.29
Total assets	753,806,228.17	1,872,598,964.89	1,585,063,338.30	1,524,022,531.38	369,976,255.78
Current liabilities	373,521,152.88	1,051,572,145.31	396,672,114.65	709,690,258.17	65,843,251.71
Non-current liabilities	4,618,886.45	12,302,083.99	29,936,172.21	29,832,096.59	-
Total liabilities	378,140,039.33	1,063,874,229.30	426,608,286.86	739,522,354.76	65,843,251.71
Minority interests	-	-	-	484,306.52	-
Equity to the parent company	375,666,188.84	214,723,516.35	1,156,846,384.28	784,015,870.10	304,133,004.07
Net assets calculated according to the shareholding proportions	148,440,479.34	85,889,406.54	462,738,553.71	171,770,036.98	149,025,171.99
Adjusting events	-	-	-	-	-
—Goodwill	226,689.29	4,440,630.89	-	29,961,491.06	19,269,770.94
—Unrealized profits of insider trading	-	-	-	-	-
--Others	-11,153.88	-	-2,678,304.22	-	-

Items	Closing balance/Current year				
	Dalian Fuji Bingshan Vending Machine Co., Ltd	Panasonic Cold-chain (Dalian) Co., Ltd	Panasonic Compressor (Dalian) Co., Ltd	Jiangsu Jingxue Insulation Technology Co.,Ltd	Dalian Bingshan Metal Technology Co., Ltd.
Book value of equity investment of affiliated companies	148,656,014.75	90,330,037.43	460,060,249.49	201,731,528.04	168,294,942.93
Fair value of equity investment with public offer	-	-	-	-	-
Operating income	239,782,015.85	1,513,254,711.28	1,117,036,108.61	914,019,079.37	467,909,048.44
Financial expense	5,192,848.35	24,987,011.19	1,116,677.52	1,535,270.95	-961,474.38
Income tax expense	30,729.79	-27,060,054.40	11,921,990.57	9,147,959.86	7,639,671.65
Net profit	284,537.72	-282,147,957.09	83,697,007.01	67,100,790.28	48,486,526.57
Net profit of discontinuing operation	-	-	-	-	-
Other comprehensive income	-	-	-	-	-
Total comprehensive income	284,537.72	-282,147,957.09	83,697,007.01	67,100,790.28	48,486,526.57
The current dividends received from joint ventures	-	2,797,849.22	32,773,200.00	-	28,648,633.78

(Continued)

Items	Opening balance/Last year				
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	Dalian Fuji Bingshan Vending Machine Co., Ltd	Panasonic Cold-chain (Dalian) Co., Ltd	Panasonic Compressor (Dalian) Co., Ltd	Jiangsu Jingxue Insulation Technology Co.,Ltd	Dalian Bingshan Metal Technology Co., Ltd.
Current assets	499,408,572.43	1,315,768,176.02	1,245,467,964.26	858,059,356.79	499,408,572.43
Including: Cash and cash equivalents	64,731,708.77	55,444,887.64	146,464,797.70	163,037,732.91	191,576,206.68
Non-current assets	252,283,994.86	238,629,720.75	309,811,760.93	192,469,083.17	44,431,510.18
Total assets	751,692,567.29	1,554,397,896.77	1,555,279,725.19	1,050,528,439.96	377,420,835.98
Current liabilities	359,742,781.58	1,048,933,029.30	366,066,971.54	478,133,992.64	63,065,326.29
Non-current liabilities	16,568,134.59	-	18,343,806.70	13,138,693.27	-
Total liabilities	376,310,916.17	1,048,933,029.30	384,410,778.25	491,272,685.91	63,065,326.29
Minority interests	-	-	-	375,245.30	-
Equity to the parent company	375,381,651.12	505,464,867.47	1,161,637,377.27	558,880,508.75	314,355,509.69
Net assets calculated according to the shareholding proportions	183,937,009.05	202,185,946.99	464,654,950.91	163,260,174.22	154,034,199.75
Adjusting events	-	-	-	-	-
—Goodwill	226,689.29	4,440,630.89	-	39,948,654.75	19,269,770.94
—Unrealized profits of insider trading	-	-	-	-	-
--Others	-	-639,508.39	-2,621,843.60	-	-145,424.54
Book value of equity investment of affiliated companies	184,454,138.22	205,987,069.49	462,033,107.31	203,208,828.97	173,158,546.15
Fair value of equity investment with public offer	-	-	-	-	-
Operating income	217,703,041.83	1,393,251,936.08	905,805,839.02	772,785,891.15	405,008,117.04

Items	Opening balance/Last year				
	Dalian Fuji Bingshan Vending Machine Co., Ltd	Panasonic Cold-chain (Dalian) Co., Ltd	Panasonic Compressor (Dalian) Co., Ltd	Jiangsu Jingxue Insulation Technology Co.,Ltd	Dalian Bingshan Metal Technology Co., Ltd.
Financial expense	3,239,090.65	26,378,537.05	-1,428,218.52	1,660,123.13	-2,347,078.64
Income tax expense	-	-497,086.07	10,206,548.28	8,171,271.84	9,841,964.14
Net profit	-18,525,706.44	19,984,637.30	81,932,612.51	60,206,578.50	59,356,953.86
Net profit of discontinuing operation	-	-	-	-	-
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-18,525,706.44	19,984,637.30	81,932,612.51	60,206,578.50	59,356,953.86
The current dividends received from joint ventures	-	-	36,026,000.00	-	28,510,920.84

(3) Summary financial information of insignificant affiliated companies

Items	Current year	Last year
Affiliated company		
Total book value of investment of affiliated companies	158,059,185.33	364,039,638.82
The total of following items according to the shareholding proportions		
Net profit	2,067,871.70	-61,011,181.99
Other comprehensive income	-	-
Total comprehensive income	2,067,871.70	-61,011,181.99

(4) Significant restrictions of the ability of affiliated companies transferring funds to the Company.

No.

(5) Contingency related to joint venture or affiliated company need to be disclosed.

No.

IX. Risk Related to Financial Instruments

The main financial instruments held by the Company are borrowings, accounts receivable, accounts payable, other non-current financial asset etc. The detailed explanation is referred to the note No.VI. The related risks of these financial instruments and the risk management policy conducted to reduce these risks by the Company are introduced as below. The Company management conducts to manage and monitor these risks exposure and control these risks under certain risk level.

1. Objectives and policies of each risk management

The objectives of risk management conducted by the Company are to reach the balance between risk and profit return by reducing the negative influence to operating performance to the minimum level as well as maximizing the shareholders' and other investors' profits. Based on these objectives, the basic risk management policy is to recognize and analyze all sorts of risk that the Company faced with, to set up the proper risk tolerance bottom line conducting risk management, as well as to monitor these risks in a timely and effective manner, and to ensure these risks under the limit level.

(1) Market risk

1) Exchange rate risk

Most of the Company's business is located in China, and settled with RMB. But the Company

defined exchange rate risk of assets, liabilities dominated in foreign currency and future transaction dominated in foreign currency (mainly including USD, JPY, EURO, HKD and GBP). The financial department of the Company monitors the Company's foreign currency transaction and the scale of foreign assets and liabilities, and decreases exchange rate risk. During the current year the Company did not agree any forward foreign exchange contract or currency swap contract. As at 31st December 2021, the Company's assets and liabilities dominated in foreign currency are listed in RMB as following:

Items	Closing Balance	Opening balance
Monetary fund-USD	2,612,773.25	15,790,643.22
Monetary fund-JPY	47,611.63	2,714,504.45
Monetary fund-GBP	0.86	66.32
Receivable- GBP	1,465,771.99	1,331,614.56
Receivable -USD	27,126,714.76	34,739,431.77
Receivable -JPY	1,226,730.38	2,162,789.04
Payables -USD	4,680,703.58	6,553,114.36
Payables - EURO	9,602.20	148,041.19
Payables -JPY	93,138.00	2,526,739.93
Payables - GBP	320,797.36	

The Company paid close attention to the effect on FX risk.

2) Interest rate risk

The interest risk of the Company incurred from bank loan, risk of a floating interest rate of financial liabilities that lead to the Company facing cash flow interest rate risk, financial liabilities with a fixed interest rate lead to the Company facing cash flow interest rate risk. The company determined the proportion of fixed interest rate and floating interest rate according the current market circumstance. The Company and Dalian Bingshan Group Co., Ltd borrowed long-term loan RMB 150,000,000.00 with fixed interest rate.

The financial department of the Company continuously monitors the interest rates level, and the management would make some adjustment to lower the interest rate risk according to the latest market situation. Climbing interest rate will increase the cost of newly increased interest-bearing liability and interest expense for unsettled interest-bearing liability at floating rate and have adverse effect on the business performance.

The sensitive analysis:

As at 31st December 2021, based on the assumption of interest rate change of 50 BP, the Company's net profit of current year will increase or decrease 1.3946 million Yuan.

3) Price risk

The price risk of the Company is mainly commodity price risk. The Company sells products at market prices. As the national economy enters the "new normal", the manufacturing industry is under great economic downward pressure, and the drastic fluctuations of bulk material prices have a certain impact on the Company's operations.

(2) Credit risk

The credit risk of the Company comes from monetary fund, notes receivable, accounts receivable, and other accounts receivable etc. The management made credit policies and monitored changes of this credit exposure.

The Company's monetary fund was in bank with higher credit rating, so there was no significant credit risk, nor significant losses due to the default of other entity. Upper limit policy is adopted to avoid any credit risk from financial institution.

The Company made relevant policy to control credit risk exposure from receivable, other receivable and notes receivable. The Company assesses the client's credit background according to the client's financial performance, possibility of obtaining guarantee from the 3rd party, credit record and other factors such as current market. The Company will periodically monitor the credit situation of the client and will take measures such as prompt letter, shorten credit period or cancel the credit to ensure the overall credit risk within the controllable scope.

As at 31st December 2021, the top five customers of receivable accounts balance are 161,789,114.22Yuan.

(3) Liquidity risk

Liquidity risk was referred to the risk of shortage of funds incurred when the enterprise fulfill the obligation of settlement by cash or other financial assets. The way to manage the liquidity risk is to ensure enough fund available to fulfill the liability by due date in prevention from unacceptable loss of or reputation damage to the Company. The Company periodically analyze the liability structure and expiry date and the financial department of the Company continued to monitors the short term or long-term capital needs to ensure maintain plenty of cash flow. And the same time they also monitor the condition of bank loan agreements and obtain commitments from banks to reduce liquidity risks.

The fund mainly comes from bank loan. By December 31st, 2021, the credit limit still available is 468.95 million Yuan and short-term credit limit available is 468.95 million Yuan.

As at 31st December 2021, the Company's financial assets and financial liabilities in line with non discounted cash flow of the contracts as following: Currency unity:10kYuan

Items	Within 1 year	1-2 years	2-5 years	Over 5 years	Total
Financial Assets					
Cash and cash in bank	52,265.85	-	-	-	52,265.85
Notes receivable	16,643.04	-	-	-	16,643.04
Accounts receivable	82,154.87	-	-	-	82,154.87
Financing receivable	4,370.43	-	-	-	4,370.43
Other Receivable	6,034.01	-	-	-	6,034.01
Contract asset	10,985.97	-	-	-	10,985.97
Non-current asset due within 1 year	1,499.10	-	-	-	1,499.10
Other noncurrent financial asset	-	-	-	26,141.07	26,141.07
Financial Liabilities					
Short-term loan	24,593.71	-	-	-	24,593.71
Notes Payable	38,003.30	-	-	-	38,003.30
Accounts payable	91,987.19	-	-	-	91,987.19
Other payable	5,528.41	-	-	-	5,528.41
Employee's payable	3,514.88	-	-	-	3,514.88
Tax payable	1,351.48	-	-	-	1,351.48
Non-current liability due within 1 year	2,417.54	-	-	-	2,417.54
Long-term loan	-	-	15,000.00	-	15,000.00
Lease obligation	-	333.39	169.12	36.89	539.40
Long-term payable	-	-	1,999.89	-	1,999.89

X. Disclosure of Fair Value

1. Amount and measurement level of the assets and liabilities measured at fair value at the year end

Items	Fair value at the year end			Total
	First level measurement of fair value	Second level measurement of fair value	Third level measurement of fair value	
Financial assets Continuously	—	—	—	—

Items	Fair value at the year end			Total
	First level measurement of fair value	Second level measurement of fair value	Third level measurement of fair value	
Receivable financing	-	43,704,310.38	-	43,704,310.38
Other non-current financial asset	200,547,043.12	-	60,863,621.49	261,410,664.61
Total	200,547,043.12	43,704,310.38-	60,863,621.49	305,114,974.99

2. Basis for Market price of first level measurement of fair value

Equity instrument portion of the other noncurrent financial asset is measured at the unadjusted closing quoted price on stock market on December 31, 2021.

3. For continuous and discontinuous 2nd level of FV, valuation technique adopted and key parameter quantitative and qualitative information.

Bank acceptance notes (receivable financing) as measured at fair value through other comprehensive income is within this scope. Bank acceptance notes held by the Company mainly are high credit grading from the large commercial bank. As the remaining maturity is short and credit risk is very low, on the balance sheet date, the book value of bank acceptance notes receivable is similar to fair value.

4. For continuous and discontinuous 3rd level of FV, valuation technique adopted and key parameter quantitative and qualitative information.

The share investment in the non-listed company is within this scope, where neither active market for invested company's share nor market price is available for reference, and it is not feasible to obtain the relevant observable input value. The Company adopts the 3rd level unobservable input to measure FV, which is the comparable company's share price to book value method together with liquidity factor.

5. For continuous 3rd level of FV, adjusted information of opening and closing balance and sensitivity analysis of unobservable parameter.

No.

6. Assets continuously measured at fair value have switched among different level during the year.

No.

7. Changes of valuation technique and reasons for changes

No.

8. Assets and liability are disclosed at FV rather than measured at FV

No.

XI. Related Parties Relationship and Transactions

(I) Related parties' relationship

1. Parent company and ultimate controller

(1) Parent company and ultimate controller

Parent company	Registered address	Business nature	Registered capital	Shareholding percentage (%)	Voting power percentage (%)
Dalian Bingshan Group Co., Ltd.	Dalian	Manufacture	158,580,000.00	20.27	20.27

Note: Dalian Bingshan Group Co., Ltd. is a Sino –foreign joint venture located No.106 Liaohe East Road, DDZ, Dalian, China. The legal representative of Dalian Bingshan Group Co., Ltd. is Mr. Ji Zhijian, and the registered capital is RMB158.58 million. The registered business operation period is from 3rd July 1985 to 2nd July 2035. The business scope include research, development, manufacture, sales, service and installment of refrigeration equipment, cooling and freezing equipment, different size of air-conditioners, petrochemical equipment, electronic and electronic- control products, home electronic appliance, environment protect equipment and etc. (unless the licenses needed)

(2) Change of registered capital of controlling shareholder

Controlling shareholder	Opening balance	Increase	Decrease	Closing balance
Dalian Bingshan Group Co., Ltd.	158,580,000.00			158,580,000.00

(3) Change of proportion of controlling shareholder's shareholding and equity

Controlling	Shareholding amount	Ratio of shareholding (%)
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shareholder	Closing balance	Opening balance	Ratio at year end	Ratio at beginning of year
Dalian Bingshan Group Co., Ltd.	170,916,934.00	170,916,934.00	20.27	20.27

2. Subsidiaries

Referrer to the content in the Note “VIII. 1. (1) Organization structure of group company”.

3. Affiliated company and joint venture

The information of the affiliated company and joint venture please refers to the note “VIII. 2.(1) The significant affiliated company and joint venture’. The Company had transactions with related parties during the current period or last period, including:

Names of the joint ventures or affiliated company	Relationships with the Company
Panasonic Refrigeration (Dalian) Co., Ltd	Affiliated company of the Company
Panasonic Cold-chain (Dalian) Co., Ltd	Affiliated company of the Company
Panasonic Compressor (Dalian) Co., Ltd	Affiliated company of the Company
Dalian Honjo Chemical Co., Ltd	Affiliated company of the Company
Keinin-Grand Ocean Thermal Technology (Dalian) Co., Ltd	Affiliated company of the Company
Beijing Huashang Bingshan Refrigeration and Air-conditioning Machinery Co., Ltd	Affiliated company of the Company
Dalian Fuji Bingshan Vending Machine Co., Ltd	Affiliated company of the Company
MHI Bingshan Refrigeration (Dalian) Co.,Ltd.	Affiliated company of the Company
Dalian Fuji Bingshan Vending Machine Sales Co., Ltd	Affiliated company of the Company
Jiangsu Jingxue Insulation Technology Co.,Ltd	Affiliated company of the Company
Dalian Jingxue Freezing Equipment Co., Ltd	Subsidiary of affiliated company
Shanghai Jingxue Freezing Equipment Co., Ltd	Subsidiary of affiliated company
Panasonic Cold Machine System (Dalian) co., Ltd	Affiliated company of the Company
Dalian Bingshan Metal Technology Co.,Ltd	Affiliated company of the Company
Dalian Bingshan Group Huahuida Financial Leasing Co., Ltd	Affiliated company of the Company
Wuhan Sikafu Power Control Equipment Co., Ltd	Affiliated wholly owned subsidiary of the Company

4. Other related parties

Name of related party	Related party relationship
Dalian Bingshan Group Refrigeration Equipment Co., Ltd	Affiliated company of Dalian Bingshan Group
Dalian Spindle Cooling Towers Co., Ltd	Affiliated company of Dalian Bingshan Group
BAC (Dalian) Co., Ltd	Affiliated company of Dalian Bingshan Group
Linde Hydrogen Refill Station Equipment(Dalian) Co.,Ltd	Affiliated company of Dalian Bingshan Group
Dalian Pate Technology Co.,Ltd	Subsidiary of Dalian Bingshan Group
Dalian Bingshan Group Management Consulting Co., Ltd	Subsidiary of Dalian Bingshan Group
Alphavita Bio-scientific (Dalian) Co., Ltd.	Subsidiary of Dalian Bingshan Group
Dalian Fuji Bingshan Intelligent Control System Co., Ltd.	Affiliated company of Subsidiary of Dalian Bingshan Group
Dalian Kaierwen Science Co.,Ltd	Affiliated company of Subsidiary of Dalian Bingshan Group
Dalian Bingshan Huigu Development Co., Ltd.	Affiliated company of Subsidiary of Dalian Bingshan Group

(II) Related Party transactions

1. Purchase of goods, offer and receive labour services etc inter-group transactions

(1) Purchase of goods/receive labour services

Related party	Content	Current year	Last year
Panasonic Cold Machine System (Dalian) co., Ltd	Purchases of goods	8,212,752.63	6,204,102.31
Panasonic Refrigeration (Dalian) Co., Ltd.	Purchases of goods	5,942,676.17	5,734,790.46
BAC (Dalian) Co., Ltd	Purchases of goods	26,483,606.45	38,558,623.38
Panasonic Cold-chain (Dalian) Co., Ltd	Purchases of goods	8,274,236.08	6,771,058.02
Jiangsu Jingxue Insulation Technology Co.,Ltd	Purchases of goods	34,088,451.31	12,637,825.68
Dalian Jingxue Freezing Equipment Co., Ltd	Purchases of goods	-	31,132.74
Dalian Bingshan Group Refrigeration Equipment Co., Ltd	Purchases of goods	44,236,639.71	25,610,580.45
Dalian Bingshan Huigu Development Co., Ltd.	Purchases of goods	1,154,661.47	
Dalian Pate Technology Co.,Ltd	Purchases of goods	4,288,651.47	4,424,140.00
Dalian Spindle Cooling Towers Co., Ltd	Purchases of goods	1,895,034.78	3,165,693.81
Panasonic Compressor (Dalian) Co., Ltd	Purchases of goods	236,234.00	239,127.13
Dalian Bingshan Metal Technology Co., Ltd	Purchases of goods	61,988.75	185,173.85
Dalian Fuji Bingshan Vending Machine Co., Ltd	Purchases of goods	2,018,187.51	367,523.32

Related party	Content	Current year	Last year
Dalian Fuji Bingshan Vending Machine Sales Co., Ltd	Purchases of goods	330,309.73	
Dalian Honjo Chemical Co., Ltd	Purchases of goods	152,920.35	
Dalian Kaierwen Science Co.,Ltd	Purchases of goods	2,488,250.00	
Dalian Bingshan Group Hua Hui Da Financial Leasing Co., Ltd	Purchases of goods		25,898,027.71
Dalian Bingshan Group	Purchases of goods	27,471.70	9,759.29
Total		167,605,586.21	129,837,558.15

(2) Sales of goods/ labour services provision

Related party	Content	Current year	Last year
Panasonic Cold-chain (Dalian) Co., Ltd	Sales of goods	127,490,433.60	93,027,572.31
Panasonic Refrigeration (Dalian) Co., Ltd.	Sales of goods	43,839,502.05	45,338,115.66
Dalian Fuji Bingshan Vending Machine Co., Ltd	Sales of goods	19,081,218.00	18,376,724.10
Panasonic Cold Machine System (Dalian) co., Ltd	Sales of goods	35,590,082.15	30,951,802.17
MHI Bingshan Refrigeration (Dalian) Co., Ltd.	Sales of goods	16,781,616.57	8,338,788.98
Beijing Huashang Bingshan Refrigeration and Air-conditioning Machinery Co., Ltd.	Sales of goods	-41,476.27	617,094.02
Panasonic compressor (Dalian) Co., Ltd	Sales of goods	28,338,724.95	5,171,634.65
Dalian Pate Technology Co.,Ltd	Sales of goods	452,182.08	1,318,667.79
Keinin-Grand Ocean Thermal Technology (Dalian) Co., Ltd.	Sales of goods	-309,481.22	1,048,376.71
Dalian Fuji Bingshan Vending Machine Sales Co., Ltd	Sales of goods		94,850.24
Dalian Jingxue Freezing Equipment Co., Ltd	Sales of goods	1,099,672.68	1,133,622.82
BAC (Dalian) Co., Ltd	Sales of goods	54,676,218.06	37,735,772.48
Dalian Bingshan Group Refrigeration Equipment Co., Ltd	Sales of goods	3,876,812.87	4,876,532.38
Dalian Bingshan Huigu Development Company	Sales of goods	8,376,384.88	9,909,504.28

Related party	Content	Current year	Last year
Dalian Bingshan Group Huahuida Financial Leasing Co.,Ltd	Sales of goods	22,747,787.61	38,052,648.77
Dalian Spindle Cooling Towers Co., Ltd	Sales of goods	7,572,022.06	4,561,140.10
Wuhan Sikafu Power Control Equipment Co., Ltd	Sales of goods	2,831.86	817,593.80
Dalian Fuji Bingshan Intelligent Control System Co., Ltd	Sales of goods	297,951.75	205,929.20
Alphavita Bio-scientific (Dalian) Co., Ltd.	Sales of goods	2,820,207.93	1,865,032.81
Linde Hydrogen Refill Station Equipment(Dalian) Co.,Ltd	Sales of goods	2,097,847.50	
Dalian Bingshan Group	Sales of goods		139,331.33
Total		374,790,539.11	303,580,734.60

2. Assets Lease

(1) Assets rent out

Lessor	Lessee	Category of assets rent out	Current year Lease Income	Last year Lease Income
Bingshan Refrigeration& Heat Transfer Technologies Co.,Ltd	Dalian Bingshan Group Co., Ltd.	Office	132,110.09	132,110.09
Bingshan Refrigeration& Heat Transfer Technologies Co.,Ltd	MHI Bingshan Refrigeration (Dalian) Co., Ltd.	Plant	3,809,523.80	3,809,523.80
Bingshan Refrigeration& Heat Transfer Technologies Co.,Ltd	Dalian Bingshan Huigu Development Company	Land/property	8,190,302.14	8,190,552.35
Bingshan Refrigeration& Heat Transfer Technologies Co.,Ltd	Panasonic Cold-Chain (Dalian) Co., Ltd	Employee dormitory	37,577.98	39,339.45
Bingshan Refrigeration& Heat Transfer Technologies Co.,Ltd	Panasonic Compressor (Dalian) Co., Ltd	Employee dormitory	91,428.56	114,285.70

Lessor	Lessee	Category of assets rent out	Current year Lease Income	Last year Lease Income
Bingshan Refrigeration & Heat Transfer Technologies Co., Ltd	Panasonic Refrigeration (Dalian) Co., Ltd.	Employee dormitory	49,321.09	63,412.88
Dalian Bingshan Lingshe Quick Freezing Equipment Co., Ltd	Dalian Jingxue Energy Saving Technology Co., Ltd.	Plant and office	1,005,111.44	1,005,111.44
Wuhan New World Refrigeration Industry Co. Ltd	Wuhan Sikafu Power Control Equipment Co., Ltd	Plant	308,074.95	212,990.08

(2) Assets under lease

Lessor	Lessee	Category of assets rent in	Current year Lease fees	Last year Lease fees
Dalian Bingshan Group Huahuida Financial Leasing Co., Ltd	Bingshan Refrigeration & Heat Transfer Technologies Co., Ltd	FA	413,238.94	
Dalian Bingshan Group Huahuida Financial Leasing Co., Ltd	Dalian Xinminghua Electrical Technology Co., Ltd	FA	3,722,231.90	3,621,571.20
Dalian Bingshan Group Huahuida Financial Leasing Co., Ltd	Dalian Bingshan JiaDe Automation Co., Ltd.	FA	418,837.77	
Dalian Bingshan Group Huahuida Financial Leasing Co., Ltd	Wuhan New World Refrigeration Industry Co. Ltd	FA	18,339,569.52	14,690,379.43
Dalian Bingshan Group Huahuida Financial Leasing Co., Ltd	Wuhan Lanning Energy Technology Co., Ltd	FA	24,295.00	2,814,560.00

3. Warranty provided by Related Parties

The national development fund planned to support the Company's intelligent and green equipment of cold chain and service industry base project, and provide the special fund to the controlling shareholder of the Company, Bingshan Group. Please refer to the "Note VI. 32 long term borrowings".

4. Funds borrow from /lent to related party

Name of the related party	Take in/out	Amount	Starting date	Ending date	Explanation
Dalian Bingshan Group Co., Ltd.	Take in	150,000,000.00	2016.03.14	2026.03.13	Project fund investment
Dalian Bingshan Group Huahuida Financial Leasing Co.,Ltd	Take in	2,145,251.09	2021.06.15	2024.05.15	
Dalian Bingshan Group Huahuida Financial Leasing Co.,Ltd	Take in	18,119,468.87	2021.11.15	2026.10.15	
Dalian Bingshan Group Huahuida Financial Leasing Co.,Ltd	Take in	8,619,474.00	2021.02.15	2023.01.15	
Dalian Bingshan Group Huahuida Financial Leasing Co.,Ltd	Take in	10,000,000.00	2021.06.01	2024.05.01	
Dalian Bingshan Group Huahuida Financial Leasing Co.,Ltd	Take in	5,063,480.54	2021.08.15	2023.07.15	
Total		193,947,674.50			

The national development fund planned to support the Company's intelligent and green equipment of cold chain and service industry base project, and provide the special fund to the controlling shareholder of the Company, Bingshan Group in 2016. After the above funds are in place, Bingshan Group will allocate the funds to the Company in full and without any additional charge. The above special fund is 0.15 billionYuan in total, the loan interest is fixed interest rate at 1.2% annual rate and paid interest 1,852,000Yuan for this year.

5. Other transactions among the related parties

Item	transaction	Current year	Last year
Dalian Bingshan Group Co.,Ltd	Sold equity of affiliated company		74,007,700.00
Dalian Zhonghuida Refrigeration Technology Co., LTD	Purchase equity of affiliated company	45,400,000.00	
Total		45,400,000.00	74,007,700.00

In March 2021, Bingshan Refrigeration & Heat Transfer Technologies Co., Ltd bought 20% shareholding in Dalian Bingshan Group Huahuida Financial Leasing Co.,Ltd from Dalian Zhonghuida Refrigeration Technology Co., LTD. This share transfer has been approved through 15th meeting of the 8th directors' meeting and announced for related party transaction.

6. Management Remuneration

Item	Current year	Last year
Total remuneration	3,711,500.00	3,792,100.00

(III) Balances with Related party

1. Accounts receivable due from related parties

Item	Related party	Closing Balance	
		Book Balance	Bad debt Provision
Accounts receivable	BAC (Dalian) Co., Ltd	12,548,585.90	880,910.73
Accounts receivable	Beijing Huashang Bingshan Refrigeration and Air-conditioning Machinery Co., Ltd	10,125,260.53	6,110,824.22
Accounts receivable	Alphavita Bio-scientific (Dalian) Co., Ltd.	1,164,159.66	81,724.01
Accounts receivable	Dalian Fuji Bingshan Vending Machine Co., Ltd.	5,656,023.33	398,096.17
Accounts receivable	Dalian Bingshan Huigu Development Company	439,268.00	63,813.46
Accounts receivable	Dalian Spindle Cooling Towers Co., Ltd	1,942,559.40	136,367.67
Accounts receivable	MHI Bingshan Refrigeration (Dalian) Co.,Ltd.	1,803,184.94	126,583.58
Accounts receivable	Panasonic Cold Machine System (Dalian) Co., Ltd	4,963,341.40	348,426.57
Accounts receivable	Panasonic Cold Chain (Dalian) Co., Ltd	37,390,849.92	2,624,837.66
Accounts receivable	Panasonic Compressor (Dalian) Co., Ltd	4,021,698.75	282,323.25
Accounts receivable	Panasonic Refrigeration (Dalian) Co., Ltd	6,861,805.71	481,698.76
Accounts receivable	Dalian Fuji Bingshan Intelligent Control System Co., Ltd.	175,200.00	12,299.04
Contract asset	Dalian Bingshan Group Refrigeration Equipment Co., Ltd	75,000.00	12,555.00
Contract asset	Panasonic Refrigeration (Dalian) Co., Ltd	11,000.00	772.20
Contract asset	Panasonic Cold Machine System (Dalian) Co., Ltd	166,000.00	27,788.40
Prepayment	Panasonic Cold Machine System (Dalian) Co., Ltd	2,225,656.57	
Prepayment	Dalian Bingshan Group Refrigeration Equipment Co., Ltd	157,531.70	
Prepayment	Dalian Spindle Cooling Towers Co., Ltd	341,215.00	-
Prepayment	Dalian Bingshan Group Huahuida Financial Leasing Co.,Ltd	951,659.80	-
Prepayment	BAC (Dalian) Co., Ltd	1,607,378.00	

Item	Related party	Closing Balance	
		Book Balance	Bad debt Provision
Prepayment	Panasonic Refrigeration (Dalian) Co., Ltd	3,161,000.00	-
Receivable financing	Dalian Fuji Bingshan Vending Machine Co., Ltd.	2,060,929.41	-
Receivable financing	Panasonic Cold Machine system (Dalian) Co., Ltd	4,197,610.38	
Receivable financing	Panasonic Cold Chain (Dalian) Co., Ltd	18,720,000.00	-
Receivable financing	Panasonic Refrigeration (Dalian) Co., Ltd	242,878.69	-
Receivable financing	BAC (Dalian) Co., Ltd	7,341,688.27	
Other receivable	Wuhan Sikafu Power Control Equipment Co., Ltd	148,423.28	6,189.25
Other receivable	Panasonic Cold Chain (Dalian) Co., Ltd	18,079.63	753.92

(Continued)

Item	Related party	Opening Balance	
		Book Balance	Bad debt Provision
Accounts receivable	BAC (Dalian) Co., Ltd	9,504,843.22	667,239.99
Accounts receivable	Beijing Huashang Bingshan Refrigeration and Air-conditioning Machinery Co., Ltd	7,240,855.23	3,675,419.18
Accounts receivable	Alphavita Bio-scientific (Dalian) Co., Ltd.	796,179.45	55,891.80
Accounts receivable	Dalian Fuji Bingshan Vending Machine Co., Ltd.	6,782,271.29	476,115.44
Accounts receivable	Dalian Spindle Cooling Towers Co., Ltd	2,099,049.80	147,353.30
Accounts receivable	MHI Bingshan Refrigeration (Dalian) Co.,Ltd.	1,381,832.96	97,004.67
Accounts receivable	Panasonic Cold Machine system (Dalian) Co., Ltd	5,009,806.43	351,688.41
Accounts receivable	Panasonic Cold Chain (Dalian) Co., Ltd	31,200,329.39	2,190,263.12

Item	Related party	Opening Balance	
		Book Balance	Bad debt Provision
Accounts receivable	Panasonic Compressor (Dalian) Co., Ltd	170,229.87	11,950.14
Accounts receivable	Panasonic Refrigeration (Dalian) Co., Ltd	10,217,335.97	717,256.99
Accounts receivable	Wuhan Sikafu Power Control Equipment Co., Ltd	36,484.00	2,561.18
Accounts receivable	Dalian Fuji Bingshan Intelligent Control System Co., Ltd.	140,000.00	9,828.00
Contract asset	Dalian Bingshan Group Refrigeration Equipment Co., Ltd.	75,000.00	5,265.00
Contract asset	Panasonic Cold Machine system (Dalian) Co., Ltd	72,500.00	5,089.50
Prepayment	Dalian Bingshan Group Refrigeration Equipment Co., Ltd.	222,875.00	
Prepayment	Panasonic Cold Machine system (Dalian) Co., Ltd	343,673.53	
Prepayment	Panasonic Cold Chain (Dalian) Co., Ltd	3,938.00	
Prepayment	Dalian Kaierwen science Co., Ltd	1,445,000.00	
Prepayment	Dalian Bingshan Huigu Development Co., Ltd.	114,756.00	
Prepayment	Dalian Spindle Cooling Towers Co., Ltd	207,390.00	
Prepayment	Jiangsu Jingxue Insulation Technology Co.,Ltd	6,397,458.41	
Receivable financing	BAC (Dalian) Co., Ltd	10,501,112.93	
Receivable financing	Dalian Fuji Bingshan Vending Machine Co., Ltd.	494,341.48	
Receivable financing	Panasonic Cold Machine system (Dalian) Co., Ltd	6,185,494.14	
Receivable financing	Panasonic Cold Chain (Dalian) Co., Ltd	16,320,000.00	
Receivable financing	Panasonic Compressor (Dalian) Co., Ltd	1,025,446.21	
Receivable financing	Panasonic Refrigeration (Dalian) Co., Ltd	5,049,112.09	
Notes receivable	Panasonic Cold Chain (Dalian) Co., Ltd	6,400,000.00	449,280.00
Notes receivable	Panasonic Refrigeration (Dalian) Co., Ltd	4,125,319.49	289,597.43
Other receivable	Dalian Bingshan Group	36,263,700.00	2,371,645.98

2.Accounts Payable due from Related Party

Item	Related party	Closing Balance	Opening Balance
Accounts Payable	BAC Dalian Co., Ltd	11,326,144.36	24,377,268.45
Accounts Payable	Dalian Bingshan Group Refrigeration Equipment Co., Ltd.	18,626,438.61	5,805,008.65
Accounts Payable	Dalian Bingshan Pate Technology Co., Ltd	3,921,294.33	1,988,696.08
Accounts Payable	Dalian Spindle Cooling Towers Co., Ltd	1,160,849.00	695,784.00
Accounts Payable	Jiangsu Jingxue Insulation Technology Co.,Ltd	4,512,235.92	4,542,624.08
Accounts Payable	Dalian Fuji Bingshan Vending Machine Sales Co., Ltd.	145,500.00	414,000.00
Accounts Payable	Panasonic Cold Machine System (Dalian) Co., Ltd	17,401,521.28	14,096,385.66
Accounts Payable	Panasonic Cold Chain (Dalian) Co., Ltd	187,071.99	7,109,782.64
Accounts Payable	Panasonic Compressor (Dalian) Co., Ltd	1,785,651.94	1,805,998.72
Accounts Payable	Panasonic Refrigeration (Dalian) Co., Ltd.	1,350,094.85	1,207,795.95
Accounts Payable	Dalian Bingshan Metal Technology Co., Ltd	70,047.29	
Accounts Payable	Dalian Kaierwen science Co., Ltd	128,750.00	
Other payable	Dalian Bingshan Group		800,000.00
Other payable	Dalian Fuji Bingshan Vending Machine Co., Ltd.	268,500.00	
Other payable	MHI Bingshan Refrigeration (Dalian) Co., Ltd.	170,000.00	170,000.00
Other payable	Panasonic Refrigeration (Dalian) Co., Ltd.	19,500.00	
Other payable	Jiangsu Jingxue Insulation Technology Co.,Ltd	70,000.00	70,000.00
Contract liability	Dalian Spindle Cooling Towers Co., Ltd	-	1,769,911.50
Contract liability	Panasonic Cold Machine System (Dalian) Co., Ltd	1,410,975.05	10,752,300.88
Contract liability	Panasonic Refrigeration (Dalian) Co., Ltd.	2,831.86	
Contract liability	Panasonic Cold Chain (Dalian) Co., Ltd	1,819,735.06	87,977.15
Contract liability	Wuhan Sikafu Power Control Equipment Co., Ltd	76,228.67	
Notes Payable	BAC (Dalian) Co., Ltd	3,932,858.40	869,502.00
Notes Payable	Dalian Bingshan Group Refrigeration Equipment Co., Ltd	7,377,503.92	8,124,711.01
Notes Payable	Dalian Honjo Chemical Co., Ltd	172,800.00	
Notes Payable	Dalian Bingshan Pate Technology Co., Ltd	880,000.00	1,600,000.00

Item	Related party	Closing Balance	Opening Balance
Notes Payable	Jiangsu Jingxue Insulation Technology Co.,Ltd	492,450.00	
Notes Payable	Panasonic Cold Chain (Dalian) Co., Ltd	1,657,321.00	1,657,321.00
Notes Payable	Dalian Spindle Cooling Towers Co., Ltd	1,517,200.00	150,000.00
Notes Payable	Panasonic Cold Machine System (Dalian) Co., Ltd		112,010.00
Lease payable	Dalian Bingshan Group Huahuida Financial Leasing Co., Ltd..	4,055,686.70	13,545,495.63
Non-current liability due within 1 year	Dalian Bingshan Group Huahuida Financial Leasing Co., Ltd..	25,727,284.78	14,089,410.56
Long term payable	Dalian Bingshan Group Huahuida Financial Leasing Co., Ltd..	23,543,375.62	2,022,529.96

(IV) Related Party Commitment

No.

XII. Share-Based Payment

None

XIII. Contingency

The Company sold refrigerating house equipment to Guizhou Pubu Cold Chain Food Investment Co.,Ltd (“Pubu Cold Chain”) in the form of finance lease. The Company as a seller signed finance lease contract with Huahuida as a buyer as well as a lessor and Pubu Cold Chain as a lessee. The contract price is 25.705million Yuan. In case the lease premium is delayed by the lessee, the Company needs to pay lease premium on behalf of the lessee and be obliged to the buy back responsibility. Pubu Cold Chain issued an unconditional, irrevocable and joint liability counter guarantee, and the Company is the beneficiary. Guarantee scope covers the full liability because of the sales in the form of finance lease.

As at 31 December 2021, the balance of the guarantee obligation of the finance lease is RMB 24,210,316.00Yuan. There is no situation where the Company needs to bear the liability as the Pubu Cold Chain’s default.

As at 31 December 2021, The Company does not have any other contingencies for disclosure apart from the above matters.

XIV. Commitment

As at 31 December 2021, The Company does not have any other significant commitments.

XV. Events after the Balance Sheet Date

1. Significant events had not adjusted

The 2nd meeting of the 9th generation of board was held on 21st January 2022 and approved the “ announcement of share transfer of Bingshan Technical Service (Dalian) Co.,Ltd”, and agree to sell 100% of shareholding of Bingshan Technical Service (Dalian) Co.,Ltd to Dalian Bingshan Group(Bingshan Group), Dalian Zhonghuida Refrigeration Technology Co., LTD (Zhonghuida), Dalian Zhixintong Enterprise Management Partnership (Limited partnership)(Zhixintong) at 25.8882million Yuan.

The formal ‘contract of share transfer’ was signed by Bingshan Group, Zhonghuida and Zhixintong on March 3, 2022. Change of shareholding has been registered in Industrial and Commercial Bureau.

2. Information about profit distribution

The 4th meeting of the 9th generation of board was held on 22nd April 2022 and approved the profit distribution policy for the year of 2021, based on 843,212,507.00 numbers of share in total, paying out cash dividend of 0.1Yuan for every 10 shares (before tax) and cash dividend of B shares are paid in Hong Kong dollars.

3. Sales Return

There is no significant sales return after the balance sheet date.

4. Except the subsequent event disclosed above, the Company has no other significant subsequent event.

XVI. Other Significant Events

1. Error correction and effect in previous period

No.

2. Debt Restructuring

No.

3. Asset exchange

(1) The exchange of non-monetary assets

No.

(2) The exchange of other assets

No.

4. Annuity Plan

No.

5. Operation termination

No.

6. Segment Information

The management of the Company divided the Company into 3 segments based on the geographic area: Northeast China, Central China, and East China. The Northeast is the Company's general headquarters and the subsidiaries registered in Dalian. The Central is the subsidiary of the Company, Wuhan New World Refrigeration Industrial Co., Ltd and its subsidiary, Wuhan Cooling Engineering, Wuhan Lanning, and Chengdu Bingshan. The East is the subsidiaries of the Company, and they are Ningbo Bingshan Air-conditioning Refrigeration Engineering Co., Ltd.

(1) The basis and accounting policies of reporting segments

The internal organization structure, management requirements and internal report scheme are the determination basis for the Company to set the operating segments. The segments are those satisfied the following requirements.

- 1).The segment can generates revenue and incur expenses.
- 2).The management personnel can regularly evaluate the operation results of segments and allocate resource, assess its performance.
- 3).The financial situation, operation results, cash flow and other accounting information of segments can be acquired.

The Company confirms the report segments based on the operating segments. The transfer price among segments is set base on the market price. The assets and related expenses in common use are allocated to different segments based on their proportion of revenue.

(2)The financial information of reporting segments

Amount unit : Ten thousands Yuan

Items	Current year				
	Northeast China	Central China	East China	Offset	Total
1 Operating income	256,027.70	25,718.92	2,053.40	-74,879.19	208,920.83
2 Cost	233,714.74	22,681.37	2,162.77	-73,605.74	184,953.14
Impairment loss on assets	2,814.40	2,175.47	-11.48	-15.72	4,962.67
Impairment loss on credit	8,774.42	401.39	-0.28	-95.73	9,079.80
Depreciation and amortization	9,528.95	865.71	0.46		10,395.12

Items	Current year				
	Northeast China	Central China	East China	Offset	Total
3 Investment income from associates and joint venture	-5,805.80	1.25	-	-	-5,804.55
4 Operating profits(loss)	-20,972.88	-4,940.69	-401.00	-2,634.72	-28,949.29
5 Income tax	-1,523.69	69.04	16.50	7.82	-1,430.33
6 Net profit(loss)	-19,449.19	-5,009.73	-417.50	-2,642.54	-27,518.96
7 Total assets	645,264.51	46,674.73	1,205.60	-119,589.17	573,555.67
8 Total liabilities	283,157.04	33,070.52	1,241.14	-48,861.39	268,607.31

7. Other important transactions and matters affect the investor's decision

The Company hasn't had other important transactions and matters affect the investor's decision in this period.

XVII. Notes to the Main Items of the Financial Statements of Parent Company

1. Accounts receivable

(1) Accounts receivable category

Item	Closing Balance				Booking value
	Booking balance		Provision		
	Amount	%	Amount	%	
Accounts receivable with significant individual amount and separate bad debt provision					
Accounts receivable with bad debt provision based on the characters of credit risk portfolio	490,329,366.12	100.00	81,610,090.34	16.64	408,719,275.78
(1) Accounting age as characters	279,002,384.85	56.90	81,610,090.34	29.25	197,392,294.51
(2) Related party within consolidation scope	211,326,981.27	43.10	-	-	211,326,981.27

Item	Closing Balance				Booking value
	Booking balance		Provision		
	Amount	%	Amount	%	
Total	490,329,366.12	100.00	81,610,090.34	16.64	408,719,275.78

(Continued)

Item	Opening Balance				Booking balance
	Booking balance		Provision		
	Amount	%	Amount	%	
Accounts receivable with significant individual amount and separate bad debt provision					
Accounts receivable with bad debt provision based on the characters of credit risk portfolio	474,709,875.38	100.00	66,083,949.47	13.92	408,625,925.91
(1) Accounting age as characters	250,449,415.13	52.76	66,083,949.47	26.39	184,365,465.66
(2) Related party within consolidation scope	224,260,460.25	47.24			224,260,460.25
Total	474,709,875.38	100.00	66,083,949.47	13.92	408,625,925.91

1) The bad debt provisions of accounts receivable in the portfolio is accrued under accounting aging analysis method:

Aging	Closing Balance		
	Accounts receivable	Provision for bad debts	Drawing Proportion (%)
Within 1 year	134,087,659.57	9,412,953.70	7.02
1-2 years	56,560,751.26	9,468,269.76	16.74
2-3 years	12,732,034.09	3,925,286.11	30.83
3-4 years	24,408,237.52	12,040,583.57	49.33
4-5 years	15,980,988.18	11,530,282.97	72.15
Over 5 years	35,232,714.23	35,232,714.23	100.00
Total	279,002,384.85	81,610,090.34	—

(2) Bad debt provision

Aging	Closing Balance
Within 1 year	289,214,483.23
1-2 years	112,760,908.87
2-3 years	12,732,034.09
3-4 years	24,408,237.52
4-5 years	15,980,988.18
Over 5 years	35,232,714.23
Total	490,329,366.12

(3) Bad debt provision

Category	Opening balance	Change during the year			Closing Balance
		Accrued	Collected/ reversed	Written-off	
Bad debt provision	66,083,949.47	16,379,650.72	269,500.00	584,009.85	81,610,090.34
Total	66,083,949.47	16,379,650.72	269,500.00	584,009.85	81,610,090.34

(4) Accounts receivable written off in current period.

Item	Written off amount
Receivable actually written off	584,009.85

(5) The top five significant accounts receivable categorized by debtors

Company	Closing Balance	Aging	% of the total AR	Closing Balance of Provision
Xinyi Yuanda Construction and Installation Engineering Co., Ltd.	32,748,744.00	3-4years 4-5years Over 5 years	6.68	25,281,907.38
Qingcheng Zhongyi Energy Co., Ltd	24,375,000.00	1-2years	4.97	4,080,375.00
Xinjiang Dongfang New Energy Co.,Ltd	10,146,500.00	Within 1 year	2.07	712,284.30
Guangzhou R&F Properties Co., Ltd	9,879,861.21	3-4years	2.01	4,873,735.53
Ningxia Wangwa Coal Co., Ltd.	9,131,495.12	1-2years 2-3years 3-4years	1.86	2,533,601.22
Total	86,281,600.33		17.59	37,481,903.43

2. Other Receivables

Item	Closing Balance	Opening Balance
Interest receivable		46,879.68
Dividend receivable	25,100,920.84	
Other receivable	29,121,904.34	41,136,517.46
Total	54,222,825.18	41,183,397.14

2.1 Interest receivable

(1) Interest receivable category

Item	Closing Balance	Opening Balance
Interest on term deposits		46,879.68
Total		46,879.68

2.2 Dividend receivable

Item	Closing Balance	Opening Balance
Bingshan Technical Service (Dalian) Co.,Ltd.	24,148,920.84	
Guotai Junan Securities	952,000.00	
Total	25,100,920.84	

2.3 Other receivable

(1) The category of other receivables

Items	Closing Balance	Opening Balance
Share transfer		36,263,700.00
Deposits	20,112,243.72	3,640,939.00
Petty cash	344,848.03	557,035.76
Receivables and payables	10,466,237.65	5,697,595.21
Total	30,923,329.40	46,159,269.97

(2) The bad debt provision of other receivable

bad debt provision	1 st stage	2 nd stage	3 rd stage	Total
	Expected credit loss within 12 months	Expected credit loss within the whole period(no impairment)	Expected credit loss within the whole period(impairment incurred)	
Opening balance	5,022,752.51	-	-	5,022,752.51
Opening	—	—	—	—

bad debt provision	1 st stage	2 nd stage	3 rd stage	Total
	Expected credit loss within 12 months	Expected credit loss within the whole period(no impairment)	Expected credit loss within the whole period(impairment incurred)	
balance during the year				
--transfer to the 2 nd stage				
--transfer to the 3 rd stage	862,625.00		862,625.00	
--reverse to the 2 nd stage				
----reverse to the 1 st stage				
Accrued			335,940.00	335,940.00
Reverse	1,229,851.45			1,229,851.45
Cancelation				
Written off	2,327,416.00	-	-	2,327,416.00
Other movement				
Closing balance	602,860.06	-	1,198,565.00-	1,801,425.06

(3) Other receivable listed by account aging

Aging	Closing Balance
Within 1 year	8,184,022.32
1-2 years	20,967,321.97
2-3 years	573,420.11
3-4 years	-
4-5 years	-
Over 5 years	1,198,565.00
Total	30,923,329.40

(4) Bad debt provision.

Category	Opening balance	Change during the year			Closing Balance
		Accrued	Collected/reversed	Written-off	
Bad debt provision	5,022,752.51		893,911.45	2,327,416.00	1,801,425.06
Total	5,022,752.51		893,911.45	2,327,416.00	1,801,425.06

(5) Other receivables from the top 5 debtors

Name	Category	Closing Balance	Aging	% of the total OR	Closing Balance of Provision
Cangzhou Lingang Renguo Chemical Co., LTD	Security deposit	2,000,000.00	Within 1 year	6.47	83,400.00
Dalian Delta HK China Gas Co., Ltd.	Deposit	1,100,000.00	Over5 years,	3.56	1,100,000.00
Xinjiang Dongfang New Energy Co.,Ltd	Security deposit	1,000,000.00	Within 1 year	3.23	41,700.00
Hebei Veyong Bio-Chemical Co.,Ltd	Security deposit	865,980.00	Within 1 year	2.80	36,111.37
Ningxia Runyang Silicon Material Technology Co., LTD	Security deposit	800,000.00	Within 1 year	2.59	33,360.00
Total		5,765,980.00		18.65	1,294,571.37

3. Long-term equity investments

(1) Category of long-term equity investments

Item	Closing Balance			Opening Balance		
	Closing Balance	Provision	Book Value	Opening Balance	Provision	Book Value
Investment of subsidiaries	696,262,267.08	-	696,262,267.08	687,496,652.08		687,496,652.08
Investment of affiliates and JV	1,227,131,957.97	-	1,227,131,957.97	1,504,481,732.65		1,504,481,732.65
Total	1,923,394,225.05	-	1,923,394,225.05	2,191,978,384.73		2,191,978,384.73

(2) Investments of subsidiaries

Subsidiaries names	Opening Balance	Increase	Decrease	Closing Balance	Provision for impairment of the current period	Provision for impairment at year end
Dalian Bingshan Group Construction Co., Ltd	193,749,675.77			193,749,675.77		
Dalian Bingshan Group Sales Co., Ltd	20,722,428.15			20,722,428.15		
Dalian Bingshan Air-Conditioning Equipment Co., Ltd	36,506,570.00	8,765,615.00		45,272,185.00		
Dalian Bingshan Jiade Automation Co., Ltd	6,872,117.80			6,872,117.80		
Dalian Bingshan Lingshe Quick Freezing Equipment Co., Ltd	59,356,051.19			59,356,051.19		
Dalian Niweisi LengNuan Technology Co., Ltd	48,287,589.78			48,287,589.78		

Subsidiaries names	Opening Balance	Increase	Decrease	Closing Balance	Provision for impairment of the current period	Provision for impairment at year end
Wuhan New World Refrigeration Industrial Co., Ltd	184,674,910.81			184,674,910.81		
Bingshan Technical Service (Dalian) Co.,Ltd.	22,024,000.00			22,024,000.00		
Dalian Xinminghua Electronics Co., Ltd.	43,766,243.72			43,766,243.72		
Dalian Bingshan International Trading Co., Ltd	71,537,064.86			71,537,064.86		
Total	687,496,652.08	8,765,615.00		696,262,267.08		

(3) Joint ventures& affiliated companies

Investee	Beginning balance	Increase/Decrease								Ending balance	Provision for impairment at year end
		Increased	Decreased	Gains and losses recognized under the equity method	Adjustment of other comprehensive income	Changes of other equity	Cash bonus or profits announced	Provision for impairment of the current period	Others		
1. Affiliated company											
Panasonic Refrigeration (Dalian) Co., Ltd.	163,867,472.86		147,270,127.38	-14,994,567.44	-322,778.04	-	1,280,000.00	-	-	-	
Panasonic Cold-chain (Dalian) Co., Ltd	205,987,069.49	-	-	-112,859,182.84	-	-	2,797,849.22	-	-	90,330,037.43	
Panasonic Compressor (Dalian) Co., Ltd	462,033,107.31	-	-	30,800,342.18	-	-	32,773,200.00	-	-	460,060,249.49	

Investee	Beginning balance	Increase/Decrease							Ending balance	Provision for impairment at year end	
		Increased	Decreased	Gains and losses recognized under the equity method	Adjustment of other comprehensive income	Changes of other equity	Cash bonus or profits announced	Provision for impairment of the current period			Others
Dalian Honjo Chemical Co., Ltd	8,746,197.03	-	-	741,303.19	-	-	561,233.70	-	-	8,926,266.52	
Keinin-Grand Ocean Thermal Technology (Dalian) Co., Ltd	55,934,955.38	-	-	4,864,112.90	-	-	2,000,000.00	-	-	58,799,068.28	
Beijing Huashang Bingshan Refrigeration and Air-conditioning Machinery Co., Ltd	2,121,951.69	-	-	17,990.49	-	-	-	-	-	2,139,942.18	
Dalian Fuji Bingshan Vending Machine Co., Ltd	184,454,138.22	-	-	-35,798,123.47	-	-	-	-	-	148,656,014.75	
MHI Bingshan Refrigeration (Dalian) Co., Ltd.	14,891,119.67	-	-	32,684.20	-	-	-	-	-	14,923,803.87	
Dalian Bingshan Group Huahuida Financial Leasing Co., Ltd	-	44,046,635.07	-	742,684.48	-	-	-	-	-	44,789,319.55	
Dalian Fuji Bingshan Vending Machine Sales Co., Ltd	43,546.35	-	-	-43,546.35	-	-	-	-	-		
Jiangsu Jingxue Insulation Technology Co.,Ltd	203,208,828.97	-	-	14,646,669.36	-	-16,123,970.29	-	-	-	201,731,528.04	
Panasonic Cold Machine System (Dalian) Co., Ltd	30,034,799.53	-	-	2,341,469.67	-	-	3,895,484.27	-	-	28,480,784.93	

Investee	Beginning balance	Increase/Decrease							Ending balance	Provision for impairment at year end	
		Increased	Decreased	Gains and losses recognized under the equity method	Adjustment of other comprehensive income	Changes of other equity	Cash bonus or profits announced	Provision for impairment of the current period			Others
Bingshan Metal Technical Service (Dalian) Co., Ltd.	173,158,546.15	-	-	23,785,030.56	-	-	28,648,633.78	-	-	168,294,942.93	
Total	1,504,481,732.65	44,046,635.07	147,270,127.38	-85,723,133.07	-322,778.04	-16,123,970.29	71,956,400.97	-	-	1,227,131,957.97	

4. Operating revenue and cost

Item	Current year		Last year	
	Revenue	Cost	Revenue	Cost
Revenue from main operation	785,491,401.27	707,799,558.39	710,173,991.25	589,797,068.56
Revenue from other operation	48,010,534.28	29,323,036.07	40,847,679.19	26,502,030.35
Total	833,501,935.55	737,122,594.46	751,021,670.44	616,299,098.91

5. Investment income

Items	Current year	Last year
Long-term equity investment gain under equity method	-85,723,133.07	79,930,496.36
Gain from disposing long-term equity investment	27,665,072.62	12,859,589.96
Gain from holding of available for sale financial assets	-	-
Gain from disposal of financial assets available for sale	-	-
Gain from holding of tradable financial assets	-	-
Gain from disposing of tradable financial assets	-	-
Long-term equity investment gain under cost method	32,102,543.64	10,200,459.43
Gain from holding of other noncurrent financial assets	7,229,604.48	5,346,903.12
Gain from disposal of other noncurrent financial assets	2,620,417.98	6,784,485.22
Total	-16,105,494.35	115,121,934.09

XVIII. Approval of Financial Statements

The parent and consolidated financial statements of the Company were approved by the Board of Directors of The Company on April 22, 2022.

Supplementary Information to the Financial Statements

1. Non-operating profit or loss

Items	Current year	Notes
Gain or loss from disposal of non-current assets	27,724,344.91	
Override, no formal approval or accidental tax refund, deduction or exemption		
Government grants recorded into profit or loss during current period	15,993,001.31	
Expenses for using funds from non-financial institution recognized in current profit/loss		
Gains from acquisition of subsidiary or associates when initial cost is less than the fair value of identifiable net asset of invested company		
Profits/loss from non-monetary assets exchange		
Profits/loss from investments or management of assets entrusted by others		
Assets impairment provision accrued due to force majeure, e.g.: suffering natural disasters		
Profit or loss from debts restructuring	819,297.68	
Expenses of enterprise restructuring		
Gain/loss on excessive part from the transaction where the trading price is obviously unfair.		
Net gain/loss of subsidiary from combination under same control between the beginning of year and consolidation date.		
Gains/ loss from contingencies arising from the normal business of the Company		
Gain/loss from change of fair value by holding the tradable financial asset and liabilities, and or disposing of the tradable financial asset and liabilities, available for sale financial assets, other than effective hedging in relation to the Company's normal business	55,245,024.14	
Reversal of impairment provision of accounts receivable separately tested for impairment		
The profits/loss from external entrusted fund		
The profits/gains from changes of fair value for investment property subsequently measured at fair value model		
Effects of gain/loss from one-off adjustments of gain/loss based on laws and regulations of taxation and accounting.		

Items	Current year	Notes
Custodian fees obtained from entrusted operations		
Non-operating revenue and expense besides the above items	-5,129,941.48	
Other profit or loss		
Subtotal	94,651,726.56	
Effect on income tax	8,490,868.44	
Attributable to minority shareholders' equity (after tax)	170,754.52	
Total	85,990,103.60	

2. Return on equity and earnings per share

In accordance with the provisions of the China Securities Regulatory Commission, "Corporate Information Disclosure and Compilation Rules for Public Offering of Securities No. 9 – Calculation and Disclosure of Return on Net Assets and Earnings Per Share (2010 Revision)", the Company's 2021 annual weighted average net Return on assets, basic earnings per share and diluted earnings per share are as follows:

Profit of report period	Weighted average return on net assets (%)	Earnings per share (EPS)	
		Basic EPS	Diluted EPS
Net profit attributable to shareholders of parent company	-8.31%	-0.32	-0.32
Net profit after deducting non-recurring gains and losses attributable to shareholders of parent company	-10.97%	-0.42	-0.42

Section 11 Reference Documents

3. The accounting statements bearing the signatures and seals of the legal representative, the financial majordomo and the accountants in charge.
4. The original copy of the auditor's report bearing the seal of the certified public accountants and the signatures and seals of the certified accountants.
5. The original copies of all the Company's documents and the original copies of the bulletins published on the newspapers designated by the China Securities Regulatory Commission in the report period.
6. Time for reference: from Monday to Friday 8:00 - 11:30 (am) 1:00 - 4:30 (pm)
Liaison persons: Mr. Song Wenbao, Mrs Du Yu
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