



**Bingshan Refrigeration & Heat Transfer
Technologies Co., Ltd.
2022 Annual Report**

April, 2023

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, and the Accounts receivable is on the high side. 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

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, 2022 to Dec. 31 2022
The Company, this Company	Stands for	Bingshan Refrigeration & Heat Transfer Technologies Co.,Ltd.
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.
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 Guardian	Stands for	Dalian Bingshan Guardian Automation Co., Ltd. one of the subsidiaries of the Company where the Company holds 100% of its shares.
Bingshan Ryosetsu		Dalian Bingshan Ryosetsu Quick Freezing Equipment Co., Ltd. one of the subsidiaries of the Company where the Company holds 100% of its shares.
Sonyo Compressor	Stands for	Sonyo Compressor (Dalian) Co., Ltd. Formerly Panasonic Appliances Compressor (Dalian) Co., Ltd. one of the subsidiaries of the Company, where the Company holds100% of its shares.
Sonyo Refrigeration System	Stands for	Sonyo Refrigeration System (Dalian) Co., Ltd. Formerly Panasonic Appliances Refrigeration System (Dalian) Co., Ltd., one of the subsidiary of the Company, where the Company holds 100% of its shares indirectly.
JingXue Insulation	Stands for	Jiangsu JingXue Insulation Technology Co.,Ltd., one of the associated companies of the Company, where the Company holds 14.91% of its shares.

Section 2 About the Company and Main Financial Indicators

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

Stock exchange website where companies disclose annual reports	Shenzhen Stock Exchange
Name of the newspaper designated the address of the website for publishing this Annual Report	China Securities Daily, Securities Times and 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

Name of Financial consultant	Office location of accounting firm	Name of sponsor of financial advisor	Continuous supervision period
Guotai Junan Securities Co., LTD	Guotai Junan Building, 768 Nanjing West Road, Jing 'an District, Shanghai	Dong Shuai、 Li Xiang	From November 11, 2022 to December 31, 2023

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

	2022	2021	Increase/decrease compared with previous year	2020
Operating revenue	2,893,085,310.29	2,089,208,256.22	38.48%	1,727,267,935.15
Net profit attributable to shareholders of listed companies	18,255,330.45	-269,059,849.96	106.78%	21,341,133.39
Net profit belonging to the shareholders of listed companies after the deduction of non-recurring profit and loss	-273,460,147.18	-355,049,953.56	22.98%	6,128,351.99
Net cash flow from operating activities	-56,247,299.36	1,518,218.37	-	-13,142,427.45
Basic earnings per share	0.02	-0.32	106.25%	0.025
Diluted earnings per share	0.02	-0.32	106.25%	0.025
Weighted average return on net asset yield	0.61%	-8.31%	Increase 8.92 percentage points	0.64%
	2022.12.31	2021.12.31	Increase/decrease compared with previous year	2020.12.31
Total assets	7,601,935,329.60	5,735,570,604.67	32.54%	5,681,568,328.36
Owner's equity attributable to shareholders of listed companies	3,006,190,831.84	3,002,842,837.47	0.11%	3,375,609,788.07

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	2022	2021	notes
Operating income (yuan)	2,893,085,310.29	2,089,208,256.22	
Amount deducted from operating income (yuan)	90,313,957.47	62,109,983.70	Income from sales of materials, rental of fixed assets and labor services other than normal operation.
Amount after deduction of operating income (yuan)	2,802,771,352.82	2,027,098,272.52	

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	580,124,203.74	711,734,704.97	752,258,640.60	848,967,760.98
Net profit attributable to shareholders of listed companies	-12,758,270.89	42,326,622.41	-21,540,127.71	10,227,106.64
Net profit belonging to the shareholders of listed companies after the deduction of non-recurring profit and loss	5,827,430.25	4,877,688.10	-23,177,485.56	-260,987,779.97
Net cash flow from operating activities	-106,839,308.54	-82,567,028.31	-105,495,236.74	238,654,274.23

IX. Non-recurring profits and losses and their amounts

item	2022	2021	2020
Disposal gains and losses of non-current asset	109,194,830.34	27,724,344.91	-169,550.05
Government subsidies included in current profit or loss	11,878,746.43	15,993,001.31	17,952,461.57
Debt restructuring gains and losses	230,467.42	819,297.68	
Profit or loss arising from contingencies unrelated to the normal operation of the company	-2,019,000.00		
Disposal gains from investments on financial assets available for sale, and gains from fair value change of financial assets available for sale	-3,694,509.36	55,245,024.14	4,362,148.57
Other non-operating revenue or expense	8,754,118.59	-5,129,941.48	-4,643,229.90
Other profit and loss items that meet the definition of non recurring profit and loss	170,729,805.79		

Influence on income tax	2,961,966.70	8,490,868.44	1,995,261.63
Influence on minority shareholders	397,014.88	170,754.52	293,787.16
Total	291,715,477.63	85,990,103.60	15,212,781.40

Note: Other profit and loss items that meet the definition of non recurring profit and loss are those in which the Company is able to control the aforementioned company due to additional investment in Sonyo Compressors and Sonyo Refrigeration System. The difference between the fair value and book value of the aforementioned company's equity held by the Company before the purchase date is recognized as investment income.

Section 3 Management discussion and analysis

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.

In 2022, 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, difficulty in improving efficiency and high accounts receivable continued to plague the operation and development of the industry.

In 2023, the industry will continue to differentiate, competition will continue to intensify, difficulties and opportunities coexist. 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 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 cultivation of energy conservation and emission reduction market still needs time; the transformation and upgrading process is complex.

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 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 has signed many projects with multinational industry giants such as BASF in Germany and Albemarle in the United States, which has significantly improved the influence of Bingshan brand in the industry.

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.

During the reporting period, the Company has successfully signed key projects such as the Guangxi Fangcheng Port Fishery Wharf Cold Storage Project, the Guangzhou Yuhu Cold Chain Market Trading Center Refrigeration Project, and the Shanxi Yiming Phase II Meat Products (Precast Dishes) Processing Project.

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.

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.

Following the technical route of cold and heat balance, the Company has independently developed a series of energy-saving, environment-friendly, efficient and intelligent cold and heat technologies and products, and actively fulfilled the dual carbon responsibility.

While promoting the transformation and upgrading of its inherent business in an orderly manner, the Company actively cultivates new momentum for development, and the path of sustainable growth is increasingly clear.

During the reporting period, the Company focused on the hot and cold business, deeply cultivated the market segment, and steadily improved its sales force, product force, technical force, engineering force and service force, so as to further enhance its core competitiveness.

IV. Analysis of main business

1. summarize

In 2022, the Company focused on hot and cold business, deeply cultivated market segments, solidly enhanced core competitiveness, and accelerated the improvement of main business. In 2022, the Company achieved operating revenue of 2,893.09 million yuan, up 38.48% year on year; The net profit attributable to shareholders of the listed company was 18.26 million yuan, turning losses into profits on a year-on-year basis.

During the reporting period, the Company was honest, innovative and pragmatic. Enrich and strengthen the management team, adjust and optimize the organizational structure and business processes. Multiple strategies were taken simultaneously to effectively improve production capacity and productivity, and the monthly output value reached a new record high. Close to the market and leading the market, we independently developed petrochemical standard LNG BOG compressor units, ammonia heat pump units, high standard project units and other highlight products. The "National High-end Equipment Manufacturing Industry Standardization Pilot" was successfully accepted. The Company was selected into the list of Liaoning Intelligent Factory in 2022. The Company's cascade ammonia screw heat pump unit was selected as the "Innovative Product of 2022 China Refrigeration Exhibition". The screw refrigeration unit for large ocean going fishing vessels of the Company was selected as the "specialized, refined and new" product of Liaoning Province in 2022.

During the reporting period, Bingshan Engineering Company, a subsidiary of the Company, continued to deepen its competitive market segments. In the field of product business, it actively serves high-end customers, and has signed many projects with multinational industry giants such as BASF in Germany and Albemarle in the United States, which has significantly improved the influence of Bingshan brand in the industry; Join hands with leading enterprises to lead the polysilicon market and win large orders. In the field of engineering, the Xinjiang Central Kitchen Project, the Shanghai Star Indoor Comprehensive Ice and Snow Venue Project and other landmark projects were orderly constructed, and key projects such as the Guangxi Fangcheng Port Fishery Wharf Cold Storage Project, the Guangzhou Yuhu Cold Chain Market Trading Center Refrigeration Project, and the Shanxi Yiming Phase II Meat Products (Precast Dishes) Processing Project were successfully signed. In the field of energy industry, CCUS projects have been rapidly promoted, and many demonstration projects of central enterprises have been successfully signed, with a substantial year-on-year increase in orders.

During the reporting period, the Company's subsidiary Wuhan New World Refrigeration further optimized its products and solutions. Based on the existing traditional products, it focused on expanding the market segments of energy, coal mines and LNG. The main model of energy products has achieved good results in marketing, and the steam screw compressor unit has achieved a breakthrough in sales of new products. The largest single unit installed power project of ORC screw expansion generator set - Jiangsu Silbang Petrochemical Waste Heat Power Generation Project has successfully generated electricity, realizing full automatic unattended operation.

During the reporting period, the subsidiary of the Company, Bingshan Guardian, focused on energy saving control of cooling and heating systems, and achieved rapid and qualitative growth. New Meica was absorbed and merged to achieve resource integration, complementary advantages and efficient operation. Continuously improve and optimize edge computing intelligent devices and energy-saving control algorithms, and effectively improve the level of refined and intelligent control. It won the bid for the distribution box project of the Dalian Bay undersea tunnel project, helping Dalian's key projects.

During the reporting period, the Company's subsidiary, Bingshan Ryosetsu, vigorously expanded the cause of quick freezing. It is specialized in assisting major corn producing areas in Heilongjiang, Xinjiang, Hebei and other major corn producing areas in China to achieve a total capacity distribution of 150 tons/hour for quick freezing of fresh corn. The down spin flow rate freezer for corn cob was selected as the "Innovative Product of 2022 China Refrigeration Exhibition". The fresh corn quick freezing machine was selected into the Guiding Catalogue for the Promotion and Application of the First (Set) Major Scientific and Technological Equipment in Liaoning Province.

During the reporting period, in order to further strengthen the hot and cold main business, the Company planned and implemented a major asset restructuring. After the reorganization is completed in November 2022, the Company directly or indirectly holds 100% of the shares of Sonyo Compressor and Sonyo Refrigeration System.

2. Sales income and costs

(1) Sales income structure

	2022		2021		Year-on-year increase/decrease
	Amount	Proportion to the Sales costs	Amount	Proportion to the Sales costs	
Total sales income	2,893,085,310.29	100%	2,089,208,256.22	100%	38.48%
By industry					
Refrigeration and air-conditioning equipment	2,803,347,359.37	96.90%	2,031,958,305.49	97.26%	37.96%
Others	89,737,950.92	3.10%	57,249,950.73	2.74%	56.75%
By product					
Industrial product	1,920,458,161.82	66.38%	1,328,371,290.81	63.58%	44.57%
Installation works	857,764,430.03	29.65%	652,866,257.62	31.25%	31.38%
Others	114,862,718.44	3.97%	107,970,707.79	5.17%	6.38%
By region					
Domestic sales	2,713,167,600.04	93.78%	1,994,087,984.59	95.45%	36.06%
Foreign sales	179,917,710.25	6.22%	95,120,271.63	4.55%	89.15%
By sales model					
Total	2,893,085,310.29	100.00%	2,089,208,256.22	100.00%	38.48%

(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	2,803,347,359.37	2,459,913,203.46	12.25%	37.96%	36.04%	Increase 1.24 percentage points
By product						
Industrial product	1,920,458,161.82	1,602,696,861.90	16.55%	44.57%	40.92%	Increase 2.17 percentage points
Installation works	857,764,430.03	833,747,200.54	2.80%	31.38%	31.78%	Decrease 0.29 percentage points
Others	25,124,767.52	23,469,141.02	6.59%	-50.46%	-38.60%	Decrease 18.05 percentage points
By region						
Domestic sales	2,630,083,287.55	2,305,266,150.99	12.35%	35.79%	33.29%	Increase 1.64 percentage points
Foreign sales	173,264,071.82	154,647,052.47	10.74%	82.15%	96.21%	Decrease 6.40 percentage points
By sales model						
Total	2,803,347,359.37	2,459,913,203.46	12.25%	37.96%	36.04%	Increase 1.24 percentage points

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

Yes No

Industry category	Item	2022	2021	Year-on-year increase/decrease
Main refrigeration unit for industrial or commercial use	Sales volume	2,086	1,921	8.59%
	Production output	2,112	1,918	10.11%
	Inventory level	409	383	6.79%

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	2022		2021		Year-on-year increase/decrease
		Amount	Proportion to the operating costs	Amount	Proportion to the operating costs	
Refrigeration and air-conditioning	Direct materials	2,205,570,125.13	86.92%	1,549,104,567.26	83.76%	42.38%
	Labor wages	208,996,790.95	8.24%	182,511,399.62	9.87%	14.51%
	Depreciation	33,450,400.07	1.32%	35,318,984.53	1.91%	-5.29%
	Utilities	19,274,676.78	0.76%	18,771,030.25	1.01%	2.68%
	Others	70,236,848.47	2.77%	63,825,290.63	3.45%	10.05%
	Total operating costs	2,537,528,841.40	100.00%	1,849,531,272.29	100.00%	37.20%

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

Applicable Not applicable

Compared with last year, there are two more entities included in the consolidated financial statements this year: Sonyo Compressor (Dalian) Co., Ltd. and Sonyo Refrigeration System (Dalian) Co., Ltd. due to major asset reorganization. Due to the sale, absorption and merger of Ningbo Bingshan Refrigeration and Air Conditioning Engineering Co., LTD., Bingshan Technology Service (Dalian) Co., LTD., Dalian New Meica Electronics Technology Co., LTD.

(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)	480,662,540.28
Proportion of the total sales volume from top five customers to the annual sales volume	16.61%
Proportion of the related party total sales volume from top five customers to the annual sales volume	5.91%

No.	Name of customer	Sales volume (yuan)	Proportion to the annual sales volume
1	Panasonic Cold-chain (Dalian) Co., Ltd.	171,040,261.51	5.91%
2	Customer 2	87,495,412.86	3.02%
3	Hualu Engineering Technology Co., Ltd.	83,741,150.43	2.89%
4	Xinjiang Silk Road Tianshan International Food City Investment Co., Ltd.	77,847,114.52	2.69%
5	Shanghai Construction Engineering Group Co., Ltd.	60,538,600.96	2.09%
Total	—	480,662,540.28	16.61%

Information on the Company's top five customers

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

Information on the Company's major suppliers

Total purchase volume from top five suppliers (yuan)	328,474,626.75
Proportion of the total purchase volume from top five suppliers to the annual purchases volume	12.94%
Proportion of the related party total purchase volume from top five suppliers to the annual purchases volume	1.29%

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.	162,603,719.85	6.41%
2	Longkou Longpeng Precision Copper Pipe Co. Ltd.	67,635,219.89	2.67%
3	Angang Steel Co. Ltd.	35,490,399.39	1.40%
4	BAC Dalian Co., Ltd.	32,827,251.97	1.29%
5	Shanghai Dingfeng Gongtong Technology Co., Ltd.	29,918,035.65	1.18%
Total	—	328,474,626.75	12.94%

Among the top five suppliers mentioned above, BAC Dalian Co., Ltd. had an associated relationship with the Company.

3. Expenses

	2022	2021	Increase/decrease of gross profit on a year-on-year basis	Explain for major changes
Selling expenses	153,735,714.96	130,633,909.30	17.68%	
Administrative expenses	186,378,204.50	170,613,436.15	9.24%	
Financial expenses	11,825,523.03	13,941,926.23	-15.18%	
R&D expenses	76,792,805.69	65,269,765.23	17.65%	

4. R&D expenditure

Information on R&D expenditure

	2022	2021	Increase/decrease on a year-on-year basis
The quantity of the person engaged in R&D	306	304	0.66%
The quantity proportion of the person engaged in R&D	14.18%	17.53%	-3.35%
The spending amount on R&D (yuan)	76,792,805.69	65,269,765.23	17.65%
R&D spending accounts for the proportion of revenue	2.65%	3.12%	Decrease 0.47 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	2022	2021	Year-on-year increase/decrease
Sub-total of cash inflows from operating activities	2,419,852,020.16	2,084,554,545.45	16.08%
Sub-total of cash outflows from operating activities	2,476,099,319.52	2,083,036,327.08	18.87%
Net amount of cash flow generated in operating activities	-56,247,299.36	1,518,218.37	-3,804.82%
Sub-total of cash inflows from investing activities	419,938,843.20	324,356,502.38	29.47%
Sub-total of cash outflows from investing activities	452,538,330.23	76,095,331.84	494.70%
Net amount of cash flow generated in investing activities	-32,599,487.03	248,261,170.54	-113.13%
Sub-total of cash inflows from financing activities	871,841,047.27	347,516,847.94	150.88%

Sub-total of cash outflows from financing activities	301,774,629.30	473,406,304.78	-36.25%
Net amount of cash flow generated in financing activities	570,066,417.97	-125,889,456.84	552.83%
Net increase in cash and cash equivalents	482,692,465.30	123,990,877.38	289.30%

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

Applicable Not applicable

1. Net cash flow generated from operating activities decreased significantly year-on-year, mainly due to an increase in cash paid for purchasing goods and receiving services.
2. Net cash flow generated from investment activities decreased significantly year-on-year, mainly due to the Company's payment for the acquisition of equity in Sonyo Compressors and Sonyo Refrigeration System.
3. Net cash flow generated from financing activities has significantly increased year-on-year, mainly due to the acquisition of bank mergers and acquisitions loans through major asset restructuring projects.

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

V. Analysis of the non-main business

Applicable Not applicable

VI. Analysis of assets & liabilities

1. Remarkable change in assets

Monetary unit: RMB yuan

	2022.12.31		2021.12.31		Proportion increase/decrease	Explain for major changes
	Amount	Proportion to the total assets	Amount	Proportion to the total assets		
Monetary funds	1,006,165,899.18	13.24%	522,658,505.79	9.11%	Increase 4.13 percentage points	Mainly due to changes in merger criteria after major asset restructuring
Accounts receivable	1,409,978,442.95	18.55%	821,548,678.85	14.32%	Increase 4.23 percentage points	Mainly due to changes in merger criteria after major asset restructuring
Contract assets	225,790,875.78	2.97%	109,859,658.79	1.92%	Increase 1.05 percentage points	
Inventories	1,395,344,780.24	18.36%	1,014,527,127.82	17.69%	Increase 0.67 percentage points	
Investment property	115,332,918.20	1.52%	120,752,809.61	2.11%	Decrease 0.59 percentage points	
Long-term equity investment	562,987,771.94	7.41%	1,231,504,533.45	21.47%	Decrease 14.06 percentage points	Mainly due to Sonyo Compressor and Sonyo Refrigeration System to become a subsidiary company, and Panasonic cold chain equity transfer
Fixed assets	1,229,029,368.93	16.17%	855,395,405.85	14.91%	Increase 1.26 percentage points	
Construction in progress	115,577,902.54	1.52%	38,974,478.45	0.68%	Increase 0.84 percentage points	

Use right assets	30,941,662.26	0.41%	23,934,703.37	0.42%	Decrease 0.01 percentage points	
Short-term loans	274,052,990.15	3.61%	245,937,091.72	4.29%	Decrease 0.68 percentage points	
Contract liabilities	647,645,820.57	8.52%	499,719,963.40	8.71%	Decrease 0.19 percentage points	
Long-term loans	715,100,000.00	9.41%	150,000,000.00	2.62%	Increase 6.79 percentage points	Mainly due to the Company obtained bank acquisition loan for major asset reorganization
Lease liabilities	11,230,532.05	0.15%	5,394,021.14	0.09%	Increase 0.06 percentage points	

2. Assets & liabilities which are measured by fair value

Applicable Not applicable

Other non-current financial asset measured in fair value is 261,410,664.61 yuan at the year beginning, and 149,950,861.31 yuan at the year end, with a selling amount of 107,495,400.00yuan.

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, mainly including monetary funds 84,504,096.01 yuan, the reason for the limitation is the deposit and the bank account were frozen; notes receivable 98,917,384.72 yuan, the reason for the limitation is bank pledge; fixed assets 62,207,555.51 yuan, the reason for the limitation is mortgage.

VII. Analysis of investments

1. The overall situation

Applicable Not applicable

Investment in 2022(yuan)	Investment in 2021(yuan)	Amount of variation
562,987,771.94	1,231,504,533.45	-54.28%

The long-term equity investment decreased by 54.28% compared to the end of 2021, mainly due to the subsidiary companies of Sonyo Compressor and Sonyo Refrigeration System, as well as the equity transfer of Panasonic Cold Chain.

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	10,910,008.00	fair value measure	195,180,043.12	-46,991,034.40	0.00	5,289,000.00	-39,572,228.96	148,267,008.72	Other Non-current financial	Own funds

			ment							assets	
total	10,910,008.00	--	195,180,043.12	-46,991,034.40	0.00	5,289,000.00	-39,572,228.96	148,267,008.72			--

Until 31 December, 2022, the Company held 10,910,008 numbers of shares of Guotai Jun'an Securities Co., Ltd.. The Company sold 300,000 numbers of shares of Guotai Jun'an, and received cash dividend RMB 7,418,805.44 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

During the reporting period, the Company transferred 17.8% of its equity in Thermoking Container Temperature Control (Suzhou) Co., Ltd. This equity transfer is beneficial for the Company to appropriately activate non current financial assets, optimize asset structure, and assist in improving its main business.

During the reporting period, the Company transferred 40% of its equity in Panasonic Appliances Cold Chain (Dalian) Co., Ltd. This equity transfer is beneficial for the Company to optimize its asset structure, highlight its main business, and assist in improving its main business.

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	66,749	22,627	17,546	243
Jingxue Insulation	mutual shareholding company	New building energy-saving board, refrigerated storage door	RMB 108 million	166,041	80,305	90,252	3,972
Bingshan Metal	mutual shareholding company	High-grade building hardware, plumbing equipment	USD 18,064.5 thousand	36,826	31,846	43,312	6,240

Subsidiary companies obtained or disposed in the reporting period

Applicable Not applicable

Compared with the previous year, the entities included in the consolidated financial statements this year increased by two companies, including Bingshan Sonyo Compressor (Dalian) Co., Ltd. and Bingshan Sonyo Refrigeration System (Dalian) Co., Ltd., due to significant asset restructuring. Additionally, three companies, including Ningbo Bingshan Refrigeration Air Conditioning Engineering Co., Ltd., Bingshan Technical Services (Dalian) Co., Ltd., and Dalian New Meica Electronic Technology Co., Ltd., were reduced due to sales or mergers.

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 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.

In 2023, the Company will focus on the hot and cold business, deeply cultivate the market segment, solidly improve the core competitiveness of sales, product, technology, engineering, service and continue to promote the improvement of main business.

In 2023, the main business strategies are as follows:

(1) Sales force. Strengthen sales system and market segmentation. For the product sector, consolidate the traditional market, strengthen the development of new areas, and improve the complete set capacity of the refrigeration station. For the engineering sector, integrate and improve the comprehensive solution capability of complete sets, and improve the quality of complete sets of orders with the proportion of engineering quality and self products. For the energy sector, expand core technologies, embrace the dual carbon policy, and achieve sustainable development.

(2) Product force. Accelerate the development of new products based on the market. Continue to promote product standardization, serialization and modularization. Strictly implement the AQ development system and optimize the product development process. Integrate the internal technical resources of Bingshan to realize collaborative design and development.

(3) Technical force. Focusing on CO₂ system solutions, intelligent zero carbon park comprehensive solutions, ultra-low charging system technology, high temperature heat pump heat recovery and other engineering technologies, continue to optimize and improve.

(4) Engineering force. Establish and improve the whole project progress management system. Standardize and strengthen budget process management. Promote the standardization of staffing and process control. Seriously take responsibility for acceptance and accelerate project acceptance.

(5) Service force. Strengthen the service and marketing support within the warranty period to improve customer satisfaction. Continuously optimize business processes, deepen post training, and improve service quality and efficiency.

The above-mentioned business plan does not represent the earnings forecast of listed companies for the year of 2023. 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
The 1 st Extraordinary Shareholders’ General Meeting of 2022	Extraordinary Shareholders’ General Meeting	29.37%	Jan.12, 2022	Jan.13, 2022	http://www.cninfo.com.cn
2021 Annual Shareholders’ General Meeting	Annual Shareholders’ general meeting	29.74%	May 18, 2022	May 19, 2022	http://www.cninfo.com.cn
The 2 nd Extraordinary Shareholders’ General Meeting of 2022	Extraordinary Shareholders’ General Meeting	20.67%	Nov 1,2022	Nov 2,2022	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	55	Jan.12, 2022	Jan.11, 2025	1,528,830	0	0	1,528,830
Fan Wen	Director	Incumbent	M	58	Jan.12, 2022	Jan.11, 2025	7,770	0	0	0
Yin Xide	Vice Chairman/ General manager	Incumbent	M	51	Jan.12, 2022	Jan.11, 2025	90,080	0	0	90,080
Song Wenbao	Director/ Board secretary	Incumbent	M	49	Jan.12, 2022	Jan.11, 2025	593,880	0	0	593,880
Dono Shigeru	Director	Incumbent	M	61	Jan.12, 2022	Jan.11, 2025	0	0	0	0
Nishimoto Shigeyuki	Director	Incumbent	M	56	Jan.12, 2022	Jan.11, 2025	0	0	0	0
Zhai Yunling	Independent director	Incumbent	M	59	Jan.12, 2022	Jan.11, 2025	0	0	0	0
Liu Yuanyuan	Independent director	Incumbent	F	48	Jan.12, 2022	Jan.11, 2025	0	0	0	0
Yao Hong	Independent director	Incumbent	F	49	Jan.12, 2022	Jan.11, 2025	0	0	0	0
Hu Xitang	Chairman of the board of Supervisors	Incumbent	M	55	Jan.12, 2022	Jan.11, 2025	0	0	0	0
Dai Yuling	Supervisor	Incumbent	F	45	Jan.12, 2022	Jan.11, 2025	0	0	0	0
Li Sheng	Supervisor	Incumbent	M	43	Jan.12, 2022	Jan.11, 2025	0	0	0	0
Wang Jinxiu	Chief Financial Officer	Incumbent	F	52	Jan.12, 2022	Jan.11, 2025	5,000	0	0	5,000
Yang Fuhua	Deputy general manager	Incumbent	M	51	Jan.12, 2022	Jan.11, 2025	0	0	0	0
Lu Jun	Deputy general manager	Incumbent	M	57	Jan.12, 2022	Jan.11, 2025	2,500	0	0	2,500
Total							2,228,060	0	0	2,228,060

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

√ Applicable □ Not applicable

On January 12, 2022, the Company's board of directors change the term of office, The former director of the Company Ding Jie ,Xun Junrao and Yokoo Sadaaki no longer served as director of the Company.

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
Yokoo Sadaaki	Director	Leave office after the end of term	Jan 12,2022	After the general election, Mr. Yokoo Sadaaki no longer served as vice chairman of the Company

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 Technology, majoring in thermal engineering	served as sales director, copy director and General manager of low-temperature logistics Equipment Division of Panasonic Cold Chain (Dalian) Co., LTD.; the General Manager of Panasonic Appliances Refrigerating System (Dalian) Co., Ltd .	Related responsibilities of 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 DalianBingshan 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	Director	graduated from Meiji	served as the director of Financial Planning Room and Finance	Related

Shigeyuki		university	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.	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
	Songzhi-Grand Ocean Cold and Hot Technology (Dalian) Co., Ltd	Chairman	No
	Linde Engineering (Dalian) 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
	Sonyo Compressor (Dalian) Co., Ltd.	Chairman	No
Yin Xide	Dalian Bingshan Group Construction Co., Ltd	Chairman	No
	Sonyo Refrigeration System (Dalian) 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
	Fushun Special Steel 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 4,895,800 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	106.81
Yokoo Sadaaki	0
Nishimoto Shigeyuki	0
Song Wenbao	64.09
Zhai Yunling	8
Liu Yuanyuan	8
Yao Hong	8
Hu Xitang	79.54
Dai Yuling	0
Li Sheng	33.42
Lu Jun	61.21
Yang Fuhua	60.50
Wang Jinxiu	60.01
Total	489.58

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
1 st Meeting of 9 th Session of the Board	Jan 12, 2022	Jan 13, 2022	http://www.cninfo.com.cn
2 nd Meeting of 9 th Session of the Board	Jan 21, 2022	Jan 22, 2022	http://www.cninfo.com.cn
3 rd Meeting of 9 th Session of the Board	April 11,2022	April 12,2022	http://www.cninfo.com.cn
4 th Meeting of 9 th Session of the Board	April 22,2022	April 23,2022	http://www.cninfo.com.cn
5 th Meeting of 9 th Session of the Board	May 27,2022	May 28,2022	http://www.cninfo.com.cn
6 th Meeting of 9 th Session of the Board	August 24,2022	August 25,2022	http://www.cninfo.com.cn
7 th Meeting of 9 th Session of the Board	September 8,2022	September 9,2022	http://www.cninfo.com.cn
8 th Meeting of 9 th Session of the Board	September 26,2022	September 27,2022	http://www.cninfo.com.cn
9 th Meeting of 9 th Session of the Board	October 27,2022	October 28,2022	http://www.cninfo.com.cn

10 th Meeting of 9 th Session of the Board	November 7,2022	November 8,2022	http://www.cninfo.com.cn
11 th Meeting of 9 th Session of the Board	November 18,2022	November 19,2022	http://www.cninfo.com.cn
12 th Meeting of 9 th Session of the Board	November 28,2022	November 28,2022	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 2023.

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, 2022 the Company and its subsidiary had 2,158 enrolled employees, including 1,268 persons engaged in production; 241 persons engaged in marketing; 306 persons engaged in engineering and technology; 47 persons engaged in financing; and 296 persons engaged in management.

2. As of Dec. 31, 2022, among enrolled employees of the Company and its subsidiary, 72 persons have the educational background of Master or higher; 673 persons have the educational background of university; 649 persons have the educational background of junior college; and 764 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 2021 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 2022.

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	141,798,910.55
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 parent company of the Company achieved a net profit of 157.554 million yuan in 2022, with a 10% statutory surplus reserve fund of 15.755 million yuan. The profit available for distribution to shareholders for the year was 141.799 million yuan.

Add in the undistributed profit of 803.564 million yuan at the beginning of the year, deduct the paid ordinary stock dividend of 8.432 million yuan for the year 2021, and the cumulative profit available for shareholder distribution is 936.931 million yuan.

The Company's profit distribution preplan for 2022:

The Company will allocate 20% of the parent company's net profit of 157.554 million yuan in 2022 to the discretionary surplus reserve fund of 31.511 million yuan;

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 2022 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.

During the reporting period, in order to further strengthen the hot and cold main businesses, the Company planned to implement a major asset restructuring. After the completion of this restructuring in November 2022, the Company directly or indirectly holds 100% equity in Sonyo Compressor and 100% equity in Sonyo Refrigeration System. The integration plan for business, assets, finance, personnel, institutions, and other aspects of this

restructuring is detailed in the "Draft Report on Major Asset Purchase and Related Party Transactions (Revised Draft)" disclosed by the Company on October 26, 2022 on CNINFO. The relevant integration plan is being implemented in an orderly manner.

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.26, 2023
Disclosure reference to the full text of the report on self-evaluation of internal control	For the 2022 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, 2022, 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. 26, 2023
Disclosure reference to the full text of the internal control audit report	For the 2022 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

None

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

Bingshan Sonyo Compressor (Dalian) Co., Ltd., a subsidiary of the Company, is a key pollutant discharge unit announced by the environmental protection department.

Administrative penalties imposed for environmental problems during the reporting period

Yes No

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 26, 2023.

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

In 2022, the Company continued to consolidate and expand its achievements in poverty alleviation, actively communicating with Songlin Village, Guangming Mountain Town, Zhuanghe City, and fulfilling its responsibilities. Invested 50,000 yuan to assist in the construction of the rural street lighting project, and carried out daily maintenance of the air conditioning equipment in the village cultural activity center. Provide education and assistance to children from impoverished families.

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

According to the relevant provisions of the "Self regulatory Guidelines for Listed Companies on the Shenzhen Stock Exchange No. 8- Major Asset Restructuring", the important commitments and performance made by relevant parties during the 2022 major asset restructuring process of the Company are detailed in the Company's announcement on the performance of commitments made by relevant parties during the major asset restructuring disclosed on CNINFO on April 26, 2023.

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

In December 2021, the Ministry of Finance issued Interpretation No. 15 of the Accounting Standards for Business Enterprises (Cai Kuai [2021] No. 35) (hereinafter referred to as "Interpretation No. 15"), which states that "accounting treatment for the sale of products or by-products produced by enterprises before their fixed assets reach their intended usable state or during the research and development process" and "judgment on loss contracts" shall be implemented from January 1, 2022. The Company shall commence implementation from the specified date.

The adoption of Interpretation No. 15 by the Company did not have a significant impact on our financial condition and operating results.

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

Applicable Not applicable

Compared with the previous year, the entities included in the consolidated financial statements this year increased by two companies, including Bingshan Sonyo Compressor (Dalian) Co., Ltd. and Bingshan Sonyo Refrigeration System (Dalian) Co., Ltd., due to significant asset restructuring. Additionally, three companies, including Ningbo Bingshan Refrigeration Air Conditioning Engineering Co., Ltd., Bingshan Technical Services (Dalian) Co., Ltd., and Dalian New Meica Electronic Technology Co., Ltd., were reduced due to sales or mergers.

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	7
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 2 year, Zhang Shizhuo 4 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 2022 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 608.8 million yuan, accounting for 79.43% of the budgeted amount for the year 2022. This included 105.2 million yuan, accounting for 60.63% of the budgeted amount for the year 2022, for purchasing supporting products for package projects from associated parties, and 503.6 million yuan, accounting for 84.92% of the budgeted amount for the year 2022, from selling supporting parts and components to associated parties.

Associated transactions related to purchases or sales of assets

Applicable Not applicable

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. To eliminate management barriers for subsidiaries, strengthen service and market sales support during the warranty period, and improve customer satisfaction, the Company transferred 100% equity of Bingshan Technology Services (Dalian) Co., Ltd. to Dalian Bingshan Group Co., Ltd., Dalian Zhonghuida Refrigeration Technology Co., Ltd., and Dalian Zhixintong Enterprise Management Partnership (limited partnership). The above matters were reviewed and approved by the second meeting of the ninth Board of Directors of the Company on January 21, 2022. The Company's "Announcement on Related Party Transactions Regarding the Transfer of Equity of Bingshan Technology Services (Dalian) Co., Ltd." (2022-008) was disclosed on January 22, 2022 in China Securities Journal and CNINFO.

2. After deliberation and approval at the eighth meeting of the ninth Board of Directors and the second extraordinary shareholders' meeting in 2022, the Company has implemented a major asset restructuring. The Company purchased 60% equity of Panasonic Compressor (Dalian) Co., Ltd. held by Sanyo Electric Co., Ltd. and

30% equity of Panasonic Refrigeration System (Dalian) Co., Ltd. held by Panasonic Electric Appliances (China) Co., Ltd. and 25% equity of Panasonic Refrigerator Systems (Dalian) Co., Ltd. held by Panasonic Cold Chain (Dalian) Co., Ltd. through cash payment. The Company's "Major Asset Restructuring and Related Party Transactions Report" (draft) was disclosed on September 27, 2022 in China Securities Journal and CNINFO. The above matters were implemented and completed on November 11, 2022.

3. In order to optimize the asset structure, highlight its main business, and assist in the improvement of its main business, the Company has signed an equity transfer agreement with Panasonic Electric Appliances (China) Co., Ltd., transferring all 40% of its equity in Panasonic Cold Chain (Dalian) Co., Ltd. to Panasonic Electric Appliances (China) Co., Ltd. The above matters were reviewed and approved at the 11th meeting of the 9th Board of Directors of the Company on November 18, 2022. The Company's announcement on related party transactions related to the transfer of equity of Panasonic Cold Chain (Dalian) Co., Ltd. (2022-055) was disclosed on November 19, 2022 in China Securities Journal and CNINFO.

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 8.51 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.

2. Guaranteeing status

Applicable Not applicable

China Development Fund provides support for the Company's cold chain green intelligent equipment and service industrialization base project, and provides special funds to the controlling shareholder of the Company, Bingshan Group. The above-mentioned special fund amount is 160 million yuan, with a term of 10 years and a rate of 1.2%. After the above special funds are in place, Bingshan Group has fully allocated them to the Company in a one-time manner without increasing the rate. The implementation of the above-mentioned special funds requires the Company to provide guarantees and continue until the reporting period. This guarantee is in the form of a guarantee for the controlling shareholder, but in fact, it is a guarantee for the Company to obtain financial support for itself.

The Company provided guarantees for its client Guizhou Waterfall Cold Chain Food Investment Co., Ltd. based on financing leasing business, which lasted until the reporting period, with a guarantee amount of 25.705 million yuan. The project is currently being fulfilled normally, and the guaranteed shareholders and relevant natural persons have provided the Company with a full amount of joint and several liability guarantee and counter guarantee. The overall risk of the Company's guarantee is controllable.

The Company provides guarantees for clients Liuyang Zhongjie Technology Investment Co., Ltd., Shandong

Jiechuang Energy Technology Co., Ltd., and Shaanxi Yiming Food Co., Ltd. based on financing leasing business. The guaranteed party has good qualifications, and the guaranteed party's shareholders and relevant natural or legal persons have provided full joint and several liability guarantee and counter guarantee to the Company. The Company's guarantee risk is generally controllable and does not harm the legitimate rights and interests of the Company and small and medium-sized shareholders.

The above guarantee matters have been reviewed by the board of directors and are being fulfilled normally.

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	3,130,039	0.37%	1,670,894	0.20%
II. Circulating share capital	840,082,468	99.63%	841,541,613	99.80%
1. Domestically listed ordinary shares	598,582,468	70.99%	600,041,613	71.16%
2. Domestically listed foreign shares	241,500,000	28.64%	241,500,000	29.64%
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, newly appointed directors Fan Wen and Deputy General Manager Lu Jun of the Company, as well as directors Ding Jie and Xu Junrao, resigned upon the expiration of their terms of office. The above-mentioned personnel changes have led to changes in the lock-in of shares by executives, 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	67,475	Total number of shareholders as of the last month before disclosure of the annual report	61,099		
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%	6,730,000		
Chen Xianlai	Domestic natural person	0.59%	4,934,500		
Chen Yong	Domestic natural person	0.52%	4,387,500		
Xue Hong	Domestic natural person	0.42%	3,580,000		
Dalian industrial development investment Co., Ltd.	Domestic non-state-owned legal person	0.40%	3,406,725		
Chen Cirou	Domestic natural person	0.40%	3,374,280		
Li Xiaohua	Domestic natural person	0.37%	3,149,608		
Wu An	Domestic natural person	0.36%	3,055,200		
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	6,730,000	Domestically listed foreign shares			
Chen Xianlai	4,934,500	RMB denominated ordinary shares			
Chen Yong	4,387,500	RMB denominated ordinary shares			
Xue Hong	3,580,000	Domestically listed foreign shares			
Dalian industrial development investment Co., Ltd.	3,406,725	RMB denominated ordinary shares			
Chen Cirou	3,374,280	Domestically listed foreign shares			
Li Xiaohua	3,149,608	RMB denominated ordinary shares			
Wu An	3,055,200	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.				
Explanation on the participation of the top 10 ordinary shareholders in margin trading and securities lending business	Li Xiaohua holds 1,093,700 shares of the Company through an ordinary securities account and 2,055,908 shares of the Company through an investor credit securities account.				

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			

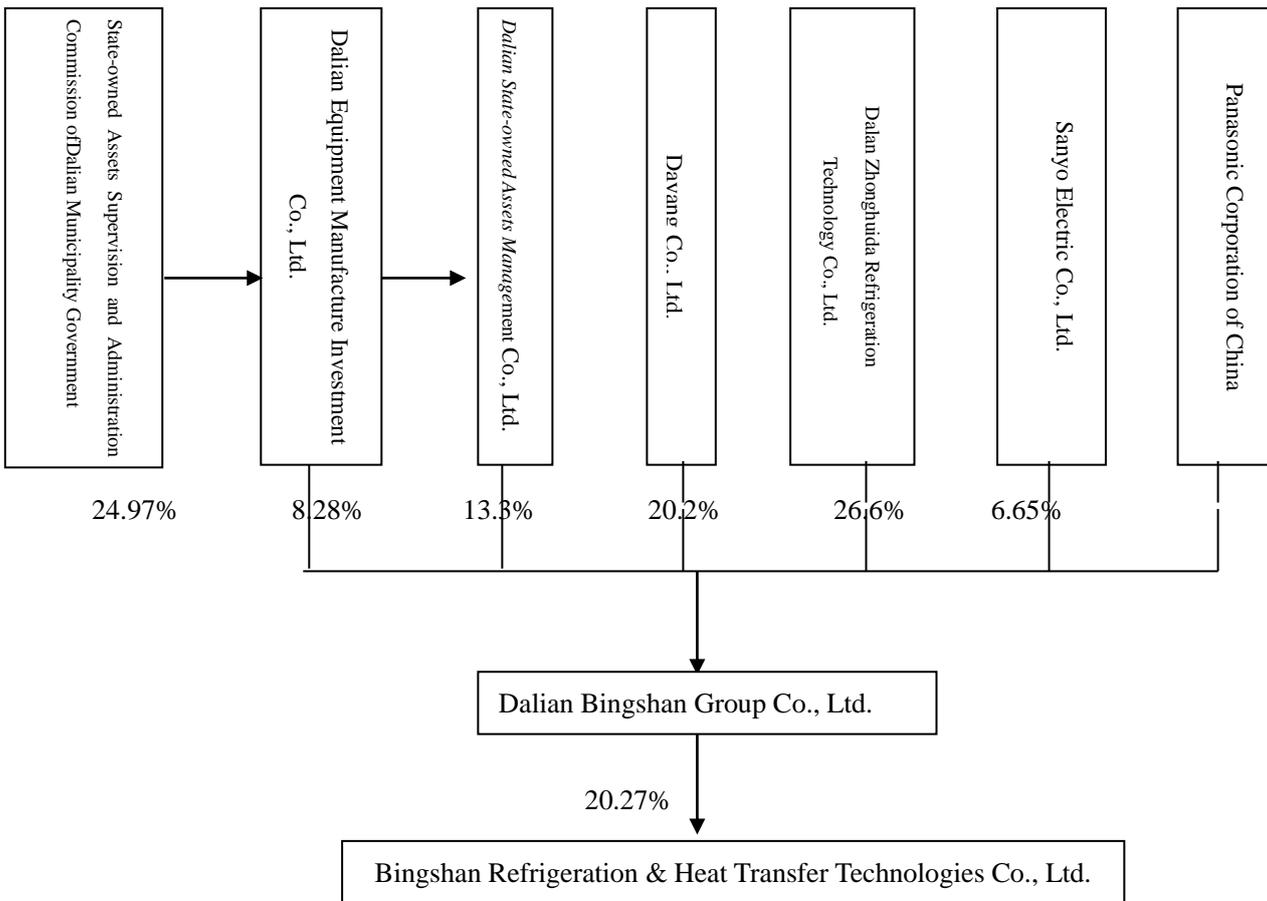
Change in the holding shareholder in the reporting period

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

Applicable Not applicable

In the reporting period, the Company didn't own corporate bonds.

Section 10 Financial Report

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 2022, 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 2022, and of their consolidated and the company’s financial performance and cash flows for the year then ended.

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.

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
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	The main audit procedures carried out for addressing the key audit matters are as follows: Understand and evaluate effectiveness of design and operation of the management ‘s internal control over revenue

<p>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>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.</p> <p>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.</p> <p>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</p> <p>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.</p> <p>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.</p>
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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 *2022 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.

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.

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:

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.

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).

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.

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.

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.

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 25, 2023

Consolidated Balance Sheet

Name of Enterprise: Bingshan Refrigeration & Heat Transfer Technologies Co., Ltd Amount Unit:RMB

ITEMS	31 December 2022	01 January 2022
Current Assets:		
Monetary funds	1,006,165,899.18	522,658,505.79
Settlement provision		
Loans to banks and other financial institutions		
Financial asset held for trading		
Derivative financial assets		
Notes receivable	505,945,261.18	166,430,365.74
Accounts receivable	1,409,978,442.95	821,548,678.85
Receivable financing	58,792,792.70	43,704,310.38
Prepayments	171,991,468.12	182,701,403.55
Insurance receivables		
Reinsurance Receivable		
Provision of reinsurance contract reserve receivable		
Other receivables	51,394,474.24	60,340,096.45
including: interest receivable	0.00	0.00
dividend receivable	14,495.00	1,003,568.75
Financial assets purchased under agreement to resell		
Inventories	1,395,344,780.24	1,014,527,127.82
Contractual asset	225,790,875.78	109,859,658.79
Held for sale assets		
Non-current assets due within 1-year	15,715,631.52	14,990,989.30
Other current assets	33,499,577.60	24,525,076.71
Total Current Assets	4,874,619,203.51	2,961,286,213.38
Non-Current Assets:		
Loan and payment on other's behalf disbursed		
Debt investment		
Other debt investment		
Long-term receivables	5,162,458.90	
Long-term equity investment	562,987,771.94	1,231,504,533.45
Other equity instrument investment		
Other non-current financial assets	149,950,861.31	261,410,664.61
Investments properties	115,332,918.20	120,752,809.61
Fixed assets	1,229,029,368.93	855,395,405.85
Construction in process	115,577,902.54	38,974,478.45
Production biological assets		
Oil-gas assets		
Right-of-use assets	30,941,662.26	23,934,703.37
Intangible assets	168,076,720.07	142,592,738.10
Development cost		
Goodwill	248,345,508.41	1,750,799.49
Long-term prepaid expense	6,486,566.92	8,088,684.23
Deferred tax asset	95,424,386.61	89,879,574.13
Other non-current assets		
Total Non-current Assets	2,727,316,126.09	2,774,284,391.29
Total Assets	7,601,935,329.60	5,735,570,604.67

legal representative: Ji Zhijian head of the accounting work: Wang Jinxi the person in charge of the accounting office: Li Sheng

Consolidated Balance Sheet (continued)

Name of Enterprise: Bingshan Refrigeration & Heat Transfer Technologies Co., Ltd Amount Unit:RMB

ITEMS	31 December 2022	01 January 2022
Current Liabilities:		
Short-term borrowings	274,052,990.15	245,937,091.72
Loans from central bank		
Loans from other banks		
Financial liability held for trading		
Derivative financial liabilities		
Notes payable	618,944,384.85	380,033,039.56
Accounts payable	1,586,098,060.59	919,871,927.53
Advance received		-
Contractual liability	647,645,820.57	499,719,963.40
Financial assets sold under agreements to repurchase		
Deposits received and hold for others		
Entrusted trading of securities		
Entrusted underwriting of securities		
Employee pay payables	118,216,683.23	35,148,782.48
Taxes and duties payable	33,691,523.62	13,514,847.82
Other payables	67,054,250.25	55,284,140.21
including: interest payable	0.00	0.00
dividend payable	533,156.00	3,008,156.00
Fees and commissions payable		
Amount due to reinsurance		
Held for sale liabilities		
Non-current liabilities due within 1-year	63,105,954.56	24,175,388.12
Other current liabilities	204,650,003.24	195,213,206.91
Total Current Liabilities	3,613,459,671.06	2,368,898,387.75
Non-current Liabilities:		
Insurance contract provision		
Long-term borrowings	715,100,000.00	150,000,000.00
Bonds Payable		-
including: preference share		
perpetual debt		
Lease liability	11,230,532.05	5,394,021.14
Long-term payables	31,009,644.16	19,998,913.29
Long-term employee payables		
Provision	18,805,967.43	
Deferred income	99,754,346.39	106,185,323.82
Deferred Tax liabilities	52,306,365.68	35,596,349.70
Other non-current liabilities		-
Total Non-current Liabilities	928,206,855.71	317,174,607.95
Total Liabilities	4,541,666,526.77	2,686,072,995.70
Owners Equity(or Shareholders Equity):		
Paid-in capital (Share capital)	843,212,507.00	843,212,507.00
Other equity instrument		
Capital reserve	717,097,098.38	720,215,866.78
Other comprehensive income	2,208,669.73	2,178,681.73
Chartered reserve		
Surplus reserves	825,226,634.15	809,471,199.64
△Provision for general risk		
Undistributed profit	618,445,922.58	627,764,582.32
Equity attributable to equity holders of the Company	3,006,190,831.84	3,002,842,837.47
*Minority interest	54,077,970.99	46,654,771.50
Total Equity	3,060,268,802.83	3,049,497,608.97
Total Liabilities and Equity	7,601,935,329.60	5,735,570,604.67

legal representative: Ji Zhijian head of the accounting work: Wang Jinxi the person in charge of the accounting office: Li Sheng

Balance Sheet of Parent Company

Name of Enterprise: Bingshan Refrigeration & Heat Transfer Technologies Co., Ltd

Amount Unit:RMB

ITEMS	31 December 2022	01 January 2022
Current Assets:		
Monetary funds	361,446,559.26	391,077,589.19
Tradable financial asset		
Derivative financial assets		
Notes receivable	100,218,283.64	61,036,803.62
Accounts receivable	629,954,649.50	408,719,275.78
Receivable financing	12,451,483.74	5,427,828.26
Prepayments	61,446,678.23	57,409,521.75
Other receivables	36,021,805.53	54,222,825.18
including: interest receivable		
dividend receivable		25,100,920.84
Inventories	342,276,945.65	339,977,048.51
Contractual assets	83,739,043.68	50,916,025.04
Held for sale assets		
Non-current assets due within 1-year	15,715,631.52	13,281,553.63
Other current assets	565,836.48	8,871,387.69
Total Current Assets	1,643,836,917.23	1,390,939,858.65
Non-Current Assets:		
Debt investment		
Other debt investment		
Long-term receivables	5,162,458.90	
Long-term equity investment	2,720,998,153.80	1,923,394,225.05
Other equity instrument investment		
Other non-current financial assets	148,635,718.81	260,095,522.11
Investments properties	90,986,890.03	95,850,052.41
Fixed assets	646,432,825.98	680,392,162.13
Construction in process	48,905,875.93	28,279,901.38
Production biological assets		
Oil-gas assets		
Right-of-use assets	14,975,625.90	15,636,361.47
Intangible assets	72,158,994.17	73,679,019.01
Development cost		
Goodwill		
Long-term unamortized expense	5,553,733.11	6,766,442.52
Deferred tax asset	21,597,992.46	16,806,287.61
Other non-current assets		
Total Non-current Assets	3,775,408,269.09	3,100,899,973.69
Total Assets	5,419,245,186.32	4,491,839,832.34

legal representative: Ji Zhi jian head of the accounting work: Wang Jinxiu the person in charge of the accounting office: Li Sheng

Balance Sheet of Parent Company (continued)

Name of Enterprise: Bingshan Refrigeration & Heat Transfer Technologies Co., Ltd

Amount Unit:RMB

ITEMS	31 December 2022	01 January 2022
Current Liabilities:		
Short-term borrowings	234,980,000.00	230,373,666.72
Financial liability held for trading		
Derivative financial liabilities		
Notes payable	259,002,815.07	238,051,362.81
Accounts payable	406,794,291.57	318,798,749.33
Advance received		-
Contractual liability	139,622,706.08	115,654,933.60
Employee pay payables	14,557,783.63	13,551,313.90
Taxes and duties payable	9,430,543.11	2,667,309.95
Other payables	21,061,597.80	23,508,139.39
including: interest payable		
dividend payable	533,156.00	533,156.00
Held for sale liabilities		
Non-current liabilities due within 1-year	42,972,752.44	1,918,874.53
Other current liabilities	106,146,986.20	68,871,944.99
Total Current Liabilities	1,234,569,475.90	1,013,396,295.22
Non-current Liabilities:		
Long-term borrowings	715,100,000.00	150,000,000.00
Bonds Payable		-
including: preference share		
perpetual debt		
Lease liability	12,613,986.87	13,243,055.41
Long-term payables	12,908,810.87	
Long-term employee payables		
Provision for liabilities		
Deferred income	61,685,846.39	66,992,823.82
Deferred Tax liabilities	20,603,550.11	35,596,349.70
Other non-current liabilities		
Total Non-current Liabilities	822,912,194.24	265,832,228.93
Total Liabilities	2,057,481,670.14	1,279,228,524.15
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	755,146,592.54
Less: Treasury stock		
Other comprehensive income	1,246,569.06	1,216,581.06
Chartered reserve		
Surplus reserves	825,226,634.15	809,471,199.64
Undistributed profit	936,931,213.43	803,564,427.95
Total Equity	3,361,763,516.18	3,212,611,308.19
Total Liabilities and Equity	5,419,245,186.32	4,491,839,832.34

legal representative:Ji Zhijian head of the accounting work:Wang Jinxiu the person in charge of the accounting office:Li Sheng

Consolidated Income Statement

Name of Enterprise : Bingshan Refrigeration & Heat Transfer Technologies Co., Ltd

Amount Unit:RMB

Item	This year	Last year
I 、 Total operating revenue	2,893,085,310.29	2,089,208,256.22
Including: Operating revenue	2,893,085,310.29	2,089,208,256.22
Interest income		
Earned premiums		
Fees and commission income		
II 、 Total cost of operation	2,988,322,715.94	2,248,942,160.16
Including: Cost of operation	2,537,528,841.40	1,849,531,272.29
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	22,061,626.36	18,951,850.96
Selling and distribution expenses	153,735,714.96	130,633,909.30
Administrative expenses	186,378,204.50	170,613,436.15
R&D	76,792,805.69	65,269,765.23
Financial expenses	11,825,523.03	13,941,926.23
Including: Interest expenses	18,581,726.78	16,718,288.26
Interest income	5,850,062.80	5,193,155.75
add: other income	7,173,155.47	10,799,794.83
investment income (Loss listed with "-")	306,688,497.94	-47,447,292.15
Including: income from investments in associates and joint ventures	-37,218,861.27	-58,045,519.63
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 "-")	-46,991,034.40	52,398,565.78
Loss on impairment of credit(Loss listed with "-")	-82,695,388.75	-90,798,013.99
Loss on impairment of assets(Loss listed with "-")	-74,825,795.00	-49,626,686.83
Gain on asset disposal(Loss listed with "-")	194,556.13	59,272.29
III、 Operating profit (Loss listed with "-")	14,306,585.74	-284,348,264.01
Add: Non-operating income	11,841,528.55	4,474,706.92
Less: Non-operating expenses	5,204,540.35	9,619,390.42
IV、 Total profit (Loss listed with "-")	20,943,573.94	-289,492,947.51
Less: Income tax expenses	1,054,609.62	-14,303,353.47
V 、 Net profit (Net loss listed with "-")	19,888,964.32	-275,189,594.04
(I) Classification by continuity		
1、 Net profit from continuing operation	19,888,964.32	-275,189,594.04
2、 Net profit from discontinuing operation		
(II) Classification by ownership		
1、 Net profit attributable to equity holders(shareholders) of the Company	18,255,330.45	-269,059,849.96
2、 Minority interest	1,633,633.87	-6,129,744.08
VI、 Other comprehensive income net off tax	29,988.00	
Net other comprehensive income net off tax attributable to equity holders(shareholders) of the parent company	29,988.00	
(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	29,988.00	
1.Under equity method, proportionate share of other comprehensive income invested company that may be reclassified subsequently to the income statement	29,988.00	
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	19,918,952.32	-275,189,594.04
Total comprehensive income attributable to parent Company	18,285,318.45	-269,059,849.96
Total comprehensive income attributable to minority interest	1,633,633.87	-6,129,744.08
VIII、 Earnings per share		
(I)Basic earnings per share	0.02	-0.32
(II)Diluted earnings per share	0.02	-0.32

legal representative: Ji Zhijian head of the accounting work: Wang Jinxi the person in charge of the accounting office: Li Sheng

Income Statement of Parent Company

Name of Enterprise: Bingshan Refrigeration & Heat Transfer Technologies Co., Lt Amount Unit:RMB

Item	This year	Last year
I 、 Operating revenue	1, 048, 142, 993. 33	833, 501, 935. 55
Less: Cost of operation	909, 850, 529. 59	737, 122, 594. 46
Taxes and surcharges	12, 305, 882. 57	11, 713, 347. 51
Selling and distribution expenses	54, 927, 585. 49	62, 191, 872. 24
Administrative expenses	92, 850, 447. 59	84, 579, 442. 49
R&D	28, 982, 093. 78	23, 153, 016. 46
Financial expenses	12, 093, 600. 10	11, 949, 817. 04
Including: Interest expenses	12, 261, 980. 25	14, 788, 914. 23
Interest income	2, 557, 312. 33	4, 726, 261. 06
Add: Other income	1, 983, 356. 24	1, 854, 962. 57
Investment income (Loss listed with "-")	289, 868, 640. 72	-16, 105, 494. 35
Including: income from investments in associates and joint ventures	-37, 651, 689. 22	-58, 058, 060. 45
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 "-")	-46, 991, 034. 40	52, 398, 565. 78
Loss on impairment of credit(Loss listed with "-")	-27, 779, 271. 62	-13, 408, 727. 47
Loss on impairment of assets(Loss listed with "-")	-13, 966, 272. 08	-12, 126, 565. 07
Gain on asset disposal(Loss listed with "-")	84, 294. 67	-399. 28
II 、 Operating profit (Loss listed with "-")	140, 332, 567. 74	-84, 595, 812. 47
Add: Non-operating income	49, 394. 31	1, 548. 54
Less: Non-operating expenses	61, 252. 08	885, 498. 38
III、 Total profit (Loss listed with "-")	140, 320, 709. 97	-85, 479, 762. 31
Less: Income tax expenses	-17, 233, 635. 09	772, 605. 54
IV、 Net profit (Net loss listed with "-")	157, 554, 345. 06	-86, 252, 367. 85
1、 Net profit from continuing operation	157, 554, 345. 06	-86, 252, 367. 85
2、 Net profit from discontinuing operation		
V 、 Other comprehensive income net off tax	29, 988. 00	
(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	29, 988. 00	
1.Under equity method, proportionate share of other comprehensive income invested company that may be reclassified subsequently to the income statement	29, 988. 00	
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	157, 584, 333. 06	-86, 252, 367. 85
VIII、 Earnings per share		
(I)Basic earnings per share		
(II)Diluted earnings per share		

legal representative:Ji Zhijian head of the accounting work:Wang Jinxiu the person in charge of the accounting office:Li Sheng

Consolidated Cash Flow Statement

Name of Enterprise: Bingshan Refrigeration & Heat Transfer Technologies Co., LtAmount Unit:RMB

Item	This year	Last year
1. Cash flows from operating activities:		
Cash received from sales of goods and rendering of services	2, 299, 565, 737. 92	1, 998, 747, 405. 23
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	27, 845, 766. 93	21, 514, 050. 68
Cash received relating to other operating activities	92, 440, 515. 31	64, 293, 089. 54
Sub-total of cash inflows from operating activities	2, 419, 852, 020. 16	2, 084, 554, 545. 45
Cash paid for goods and services	1, 765, 774, 138. 68	1, 501, 614, 080. 55
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	392, 733, 128. 51	350, 456, 810. 15
Payments of taxes and surcharges	85, 488, 578. 90	68, 388, 963. 77
Cash paid relating to other operating activities	232, 103, 473. 43	162, 576, 472. 61
Sub-total of cash outflows from operating activities	2, 476, 099, 319. 52	2, 083, 036, 327. 08
Net cash flows from operating activities	-56, 247, 299. 36	1, 518, 218. 37
2. Cash flows from investment activities:		
Cash received from return of investments	304, 791, 101. 68	1, 703, 262. 34
Cash received from investments income	109, 215, 313. 16	110, 699, 788. 36
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	668, 334. 46	754, 551. 68
Net cash received from disposal of subsidiaries and other business units	5, 264, 093. 90	211, 198, 900. 00
Cash received relating to other investing activities		
Sub-total of cash inflows from investing activities	419, 938, 843. 20	324, 356, 502. 38
Cash paid to acquire fixed assets, intangible assets and other long-term assets	50, 713, 747. 56	30, 695, 331. 84
Cash paid for investments		45, 400, 000. 00
Net increase in pledged deposits		
Net cash paid to acquire subsidiaries and other business units	401, 824, 582. 67	
Cash paid relating to other investing activities		
Sub-total of cash outflow from investing activities	452, 538, 330. 23	76, 095, 331. 84
Net cash flows from investing activities	-32, 599, 487. 03	248, 261, 170. 54
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	847, 850, 000. 00	263, 670, 518. 89
Cash received relating to other financing activities	23, 991, 047. 27	83, 846, 329. 05
Sub-total of cash inflows from financing activities	871, 841, 047. 27	347, 516, 847. 94
Cash paid for settlement of borrowings	242, 005, 111. 11	336, 679, 560. 00
Cash paid for dividends, profits appropriation or payments of interest	30, 640, 401. 33	24, 739, 356. 41
Including: Dividends and profits paid to non-controlling interest		
Cash paid relating to other financing activities	29, 129, 116. 86	111, 987, 388. 37
Sub-total of cash outflows from financing activities	301, 774, 629. 30	473, 406, 304. 78
Net cash flows from financing activities	570, 066, 417. 97	-125, 889, 456. 84

4. Effect of changes in foreign exchange rate on cash and cash equivalents	1, 472, 833. 72	100, 945. 31
5. Net increase in cash and cash equivalents	482, 692, 465. 30	123, 990, 877. 38
Add: Cash and cash equivalents at beginning of year	438, 969, 337. 87	314, 978, 460. 49
6. Cash and cash equivalents at end of year	921, 661, 803. 17	438, 969, 337. 87

legal representative: Ji Zhijian head of the accounting work: Wang Jinxiu the person in charge of the accounting office: Li Sheng

Cash Flow Statement of Parent Company

Name of Enterprise: Bingshan Refrigeration & Heat Transfer Technologies Co., Ltd Amount Unit :RMB

Item	This year	Last year
1.Cash flow from operating activities		
Cash receipts from sale of goods or rendering of services	769,156,429.00	765,232,022.05
Refunds of taxes	7,968,777.52	
Other cash receipts in operating activities	16,186,561.44	25,372,394.89
Sub-total of cash inflows from operating activities	793,311,767.96	790,604,416.94
Cash payments for goods and services acquired	721,626,515.16	570,924,816.02
Cash payments to and on behalf of employees	116,047,528.96	106,175,901.94
Tax and duties payments	30,826,994.20	32,561,028.64
Other cash payments for operating activities	73,762,376.92	53,337,644.37
Sub-total of cash outflows from operating activities	942,263,415.24	762,999,390.97
Net cash flows from operating activities	-148,951,647.28	27,605,025.97
2.Cash flows from investing activities		
Cash receipts from return of investments	330,679,301.68	1,700,000.00
Cash receipts from investments income	262,646,360.17	113,318,424.61
Net cash receipts from disposal of fixed assets, intangible assets and other long-term assets	5,000.00	
Net cash receipts from disposal of subsidiaries and other businesses		211,198,900.00
Other cash receipts in investing activities		
Sub-total of cash inflows from investing activities	593,330,661.85	326,217,324.61
Cash payments for acquired fixed assets, intangible assets and other long-term assets	14,815,415.96	10,487,613.09
Cash payments for investment	1,010,883,060.00	54,165,615.00
Net cash payments for acquisition of subsidiaries and other businesses		
Other cash payments in investing activities		
Sub-total of cash outflows from investing activities	1,025,698,475.96	64,653,228.09
Net cash flows from investment activities	-432,367,814.11	261,564,096.52
3.Cash flows from financing activities		
Cash received from capital injection		
Cash receipts from borrowings	829,000,000.00	227,000,000.00
Other cash receipts in financing activities	5,971,249.02	23,123,472.43
Sub-total of cash inflows from financing activities	834,971,249.02	250,123,472.43
Cash paid for settlement of borrowings	237,000,000.00	311,478,560.00
Cash paid for dividends, profits appropriation or payments of interest	23,036,986.09	21,455,435.22
Other cash payments in financing activities	2,535,000.00	21,611,560.00
Sub-total of cash outflows from financing activities	262,571,986.09	354,545,555.22
Net cash flows from financing activities	572,399,262.93	-104,422,082.79
4.Effect of changes in foreign exchange rate on cash and cash equivalents	19,977.77	-16,318.79
5.Net increases in cash and cash equivalents	-8,900,220.69	184,730,720.91
Add: the beginning balance of cash and cash equivalent	369,932,989.19	185,202,268.28
6.The ending balance of cash and cash equivalent	361,032,768.50	369,932,989.19

legal representative: Ji Zhijian head of the accounting work: Wang Jinxiu the person in charge of the accounting office: Li Sheng

Consolidated Statement of Changes in Shareholder's Equity

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: 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	0.00	0.00	0.00	720,215,866.78	0.00	2,178,681.73	0.00	809,471,199.64	0.00	627,764,582.32	0.00	3,002,842,837.47	46,654,771.50	3,049,497,608.97	
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	0.00	0.00	0.00	720,215,866.78	0.00	2,178,681.73	0.00	809,471,199.64	0.00	627,764,582.32	0.00	3,002,842,837.47	46,654,771.50	3,049,497,608.97	
3. Increase/ Decrease for current year (Decrease listed with "-")	0.00	0.00	0.00	0.00	-3,118,768.40	0.00	29,988.00	0.00	15,755,434.51	0.00	-9,318,659.74	0.00	3,347,994.37	7,423,199.49	10,771,193.86	
(I) Total of comprehensive income							29,988.00				18,255,330.45		18,285,318.45	1,633,633.87	19,918,952.32	
(II) Capital contribution and reduction	0.00	0.00	0.00	0.00	-3,118,768.40	0.00	0.00	0.00	0.00	0.00	-3,386,430.61	0.00	-6,505,199.01	7,589,565.62	1,084,366.61	
1. Ordinary share															-	
2. Capital contributed by other equity instrument holders															-	
3. Share-based payments charged to equity															-	
4. Others					-3,118,768.40						-3,386,430.61		-6,505,199.01	7,589,565.62	1,084,366.61	
(III) Profit appropriations	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	15,755,434.51	0.00	-24,187,559.58	0.00	-8,432,125.07	-1,800,000.00	-10,232,125.07	
1. Appropriation to surplus reserves									15,755,434.51		-15,755,434.51		0.00		0.00	
2. Appropriation to general risks provision													0.00		0.00	
3. Appropriation to equity holders (or shareholders)											-8,432,125.07		-8,432,125.07	-1,800,000.00	-10,232,125.07	
4. Others													0.00		0.00	
(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								4,613,180.31						4,613,180.31		4,613,180.31
2.Utilisation of special reserve								4,613,180.31						4,613,180.31		4,613,180.31
(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	0.00	0.00	0.00	717,097,098.38	0.00	2,208,669.73	0.00	825,226,634.15	0.00	618,445,922.58	0.00	3,006,190,831.84	54,077,970.99	3,060,268,802.83	

legal representative:Ji Zhijian

head of the accounting work:Wang Jinxiu

the person in charge of the accounting office:Li Sheng

Consolidated Statement of Changes in Shareholder's Equity(continued)

Name of Enterprise : Bingshan Refrigeration & Heat Transfer Technologies Co., Ltd

Amount Unit:RMB

Item	Last year												Minority interests	Total equity	
	Equity attributable to the equity holders of the Company														
	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	Other s			Sub-total
	preference share	perpetual 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	-10,907,125.07
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		3,799,007.87
2.Utilisation of special reserve										3,799,007.87					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	

legal representative:Ji Zhijian

head of the accounting work:Wang Jinxiuthe

person in charge of the accounting office:Li Sheng

Statement of Changes in Shareholder's Equity of Parent Company

For the Year of 2022

Name of Enterprise: Bingshan Refrigeration & Heat Transfer Technologies Co., Ltd

Amount Unit:RMB

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	0.00	0.00	0.00	755,146,592.54	0.00	1,216,581.06	0.00	809,471,199.64	803,564,427.95	0.00	3,212,611,308.19
Add: Changes in accounting policies												-
Correction of prior periods errors												-
Others												
2. Balance at beginning of current year	843,212,507.00	0.00	0.00	0.00	755,146,592.54	0.00	1,216,581.06	0.00	809,471,199.64	803,564,427.95	0.00	3,212,611,308.19
3. Increase/ Decrease for current year (Decrease listed with "-")	0.00	0.00	0.00	0.00	0.00	0.00	29,988.00	0.00	15,755,434.51	133,366,785.48	0.00	149,152,207.99
(I) Total of comprehensive income							29,988.00			157,554,345.06		157,584,333.06
(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	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	15,755,434.51	-24,187,559.58	0.00	-8,432,125.07
1.Appropriation to surplus reserves									15,733,434.51	-15,755,434.51		0.00
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									2,791,153.21			2,791,153.21
2.Utilisation of special reserve									2,791,153.21			2,791,153.21
(VI) Others												
4. Balance at end of current year	843,212,507.00	0.00	0.00	0.00	755,146,592.54	0.00	1,246,569.06	0.00	825,226,634.15	936,931,213.43	0.00	3,361,763,516.18

legal representative:Ji Zhijian

head of the accounting work:Wang Jinxiu

the person in charge of the accounting office:Li Shen

Statement of Changes in Shareholder's Equity of Parent Company(continued)

For the Year of 2022

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	-	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

legal representative: Ji Zhijian

head of the accounting work: Wang Jinxiu

the person in charge of the accounting office: Li Sheng

I. General Information

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 shAare 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 an ordinary share 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 17thmeeting 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 13 entities included in the current consolidated financial statements. This year, entities within the consolidation scope changed comparing to last year. Sonyo Compressor(Dalian)Co.,Ltd and Sonyo Refrigeration System (Dalian) Co., Ltd, two companies are newly added to consolidation scope because of significant asset restructuring. 3 companies, Ningbo Bingshan Air-conditioning Refrigeration Engineering Co., Ltd, Bingshan Technology Service (Dalian) Co., Ltd and Dalian Xinminghua Electrical Technology Co., Ltd are out of consolidation scope because of disposal and absorption merging. 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 existing 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: ① the financial asset is held within a business model whose objective is not only for collecting contractual cash flows but also for sale; ②the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest based 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 derecognized and the portion that continued to be recognized 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 (financial assets involved in transfer must qualify the following conditions:① the financial asset is held within a business model whose objective is not only for collecting contractual cash flows but also for sale; ; ②the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest based 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:

①financial 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 ①or 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, building and use right of land. They are measured at cost model.

Investment property is depreciated or amortized by straight line basis and its expected useful life, net residual value rate and annual depreciation rate is as follows:

Category	Useful life	Estimated net residual value	Annual
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	(years)	rate (%)	depreciation rate
Use right of land	50	0	2
Property 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	Property and Buildings	20-40	3、5、10	2.25-4.85
2	Machinery equipment	5-22	0.5-1、3、5、10	4.09-19.90
3	Transportation equipment	3-15	1、3、5、10	6-33.33
4	Electronic equipment & others	3-15	0-1、3、5、10	6-33.33

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
- 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 it 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 30 years; 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 is 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 is 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

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.

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- (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

The Company's government grant includes assets-related government grants and income-related government grants. 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 of 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 of.

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: ① the lease transfers ownership of the underlying asset to the lessee by the end of the lease term; ② the 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; ③ the 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 an 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 condition 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. Discontinued operation

When meeting any one of the following criteria, the component can be identified separately and the component has already been disposed of 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

37. 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.

38. Changes in Accounting Policies, Accounting Estimates

(1) Change in significant accounting policies

Changes on accounting policy and reasons	Memo
In December 2021, the Ministry of Finance released "No.15 Interpretation of Accounting Standards for Business Enterprises"(No35 Caikuai [2021]) (hereinafter referred to as "No.15 Interpretation"). "Accounting of products or by-products produced before fixed assets reach the expected condition for use or during research and development stage" and "Judgment on loss-making contracts" shall come into force as of January 1, 2022. The Company shall execute from the prescribed date.	Note

Note: In December 2021, the Ministry of Finance released "No.15 Interpretation of Accounting Standards for Business Enterprises", the Company follows the requirement of "Accounting of products or by-products produced before fixed assets reach the expected condition for use or during research and development stage" and "Judgment on loss-making contracts" since January 1, 2022.

A: accounting for sales during trial period

No.15 Interpretation gives an explicit accounting and presentation explanation about products or by-products produced before fixed assets reach the expected condition for use or during research and development stage, and prohibits offsetting cost of fixed assets or R&D expenses by net amount, which sales during trial periods less cost of sales. This regulation takes effect from January 1, 2022, any sales during trial periods between earliest reporting period and January 1,2022, retrospective adjustment is required.

B: Judgment on loss-making contracts

No.15 Interpretation gives an explicit explanation about loss-making contract. When judging a contract is a loss-making contract or not, “cost to fulfil the contract” shall include incremental cost and allocation of other direct cost in respect of fulfilling the contract. It is applicable to the contract, in which all obligations have not been fulfilled until January 1, 2022, and accumulated effect shall be adjusted in opening figures of retain earning and respective account in the reporting year when it takes effect. No retrospective adjustment is needed for prior periods comparatives.

(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	5%、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 Guardian Automation Co., Ltd.	15%
Dalian Bingshan-RYOSETSU Quick Freezing Equipment Co., Ltd.	25%
Wuhan New World Refrigeration Industrial Co., Ltd.	15%
Dalian Bingshan Engineering & Trading Co., Ltd	25%
Dalian Universe Thermal Technology Co.,Ltd.	15%
Chengdu Bingshan Refrigeration Engineering Co., Ltd.	25%

Tax entities	EIT rate
Wuhan New World Air-conditioning Refrigeration Engineering Co., Ltd	25%
Wuhan Lanning Energy Technology Co., Ltd	25%
Sonyo Compressor(Dalian)Co.,Ltd.	15%
Sonyo Refrigeration System (Dalian) Co., Ltd.	15%

2. Tax preference

(1) 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 Guardian 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, Dalian Universe Thermal 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 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, Sonyo Compressor(Dalian)Co.,Ltd.(hereinafter referred to

as“ Sonyo Compressor” obtained the qualification of high and new technology enterprises on 22nd October, 2021 approved by Dalian Science Technology Bureau, Dalian Finance Bureau, Dalian State Tax Bureau and Local tax Bureau. The Certificate No. is GR202121200268, 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, Sonyo Refrigeration System (Dalian) Co., Ltd.(hereinafter referred to as“ Sonyo Refrigeration System” obtained the qualification of high and new technology enterprises on 9th October, 2020 approved by Dalian Science Technology Bureau, Dalian Finance Bureau, Dalian State Tax Bureau and Local tax Bureau. The Certificate No. is GR202021200465, 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.

(2) According to the Announcement of Ministry of Science and Technology, the Ministry of Finance and Tax Administration on supporting Scientific and Technological Innovation by the accelerate Pre-tax Deduction (Announcement No. 28, 2022), equipment and appliances newly purchased by high and new technology entity within the period from October 1st, 2022 to December 31st,2022 are allowed for taxable income deduction in full amount and also can be 100% accelerated deduction before income tax. Any entity qualifying for high and new technology during the Q4 in 2022 is subject to this tax preference. If deduction is not enough for this year, it can be carried forward to the following year. Equipment and appliances refer to fixed assets beyond house and buildings. High and new technology criteria is in line with “Notice of the Ministry of Science and Technology and the Ministry of Finance and the State Administration of Taxation on Revising and Printing the Administrative Measures for the Identification of New and High Technology Enterprises” (Guokefahuo[2016]No.32). The Company and its subsidiaries, Dalian Universe Thermal Technology Co.,Ltd, Sonyo Compressor and Sonyo Refrigeration System enjoy the tax preference.

VI. Notes to Consolidated Financial Statements

The following disclosure date on this financial statement without special indication, “opening” refers to January 1, 2022; “closing” refers to December 31, 2022; “current period” refers to the period from January 1, 2022 to December 31, 2022; and “last period” refers to the period from January 1, 2021 to December 31, 2021; with the currency unit RMB.

1. Monetary fund

Item	Closing Balance	Opening Balance
Cash on hand	80,702.47	99,580.64
Cash in bank	922,122,608.84	443,177,237.30
Other cash and cash equivalents	83,962,587.87	79,381,687.85
Total	1,006,165,899.18	522,658,505.79

Item	Closing Balance	Opening Balance
Including: sum of deposits overseas		

Monetary fund restricted for use

Item	Closing Balance	Opening Balance
deposit for bank acceptance notes	48,567,322.04	64,672,285.64
guarantee deposit	33,697,941.99	14,438,026.76
peasant worker deposit	729,341.30	271,375.45
Frozen account	550,487.90	4,307,480.07
interest receivable from bank	959,002.78	-
Total	84,504,096.01	83,689,167.92

Note: frozen account is the amount frozen by the bank due to litigation of 94,500.00 Yuan, long age frozen account of 209,197.14 Yuan, ETC deposit of 2,000.00Yuan, unused account for long time of 244,790.76 Yuan.

2. Notes receivable

(1) Category of notes receivable

Items	Closing Balance	Opening Balance
Bank acceptance notes	493,019,785.95	163,956,682.86
Trade acceptance notes	12,925,475.23	2,473,682.88
Total	505,945,261.18	166,430,365.74

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

Items	Closing pledged amount
Bank acceptance notes	98,917,384.72
Total	98,917,384.72

(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		137,214,397.88
Trade acceptance notes		2,505,534.77
Total		139,719,932.65

(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 balance		Provision		Booking value
	Amount	%	Amount	%	
Bad debts provision based on group	506,921,135.95	100.00	975,874.77	0.19	505,945,261.18
Including: bank acceptance notes	493,019,785.95	97.26	-	-	493,019,785.95
Trade acceptance notes	13,901,350.00	2.74	975,874.77	7.02	12,925,475.23
Total	506,921,135.95	100.00	975,874.77	0.19	505,945,261.18

(Continued)

Items	Opening balance				
	Booking balance		Provision		Booking value
	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

Categories based on group

Items	Closing Balance		
	Booking balance	Provision	Provision (%)
Trade acceptance notes	13,901,350.00	975,874.77	7.02
Total	13,901,350.00	975,874.77	7.02

(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	186,763.32	789,111.45	-	-	975,874.77
Total	186,763.32	789,111.45	-	-	975,874.77

(7) Notes receivable written off: none

3. Accounts receivable

(1) Category of accounts receivable based on bad debt provision method

Items	Closing Balance				Booking value
	Booking balance		Provision		
	Amount	%	Amount	%	
Bad debt provision on individual basis	13,181,314.30	0.69	10,348,880.50	78.51	2,832,433.80
Bad debt provision on group	1,888,715,925.40	99.31	481,569,916.25	25.50	1,407,146,009.15
Including: aging as characteristics of credit risk	1,888,715,925.40	99.31	481,569,916.25	25.50	1,407,146,009.15
Total	1,901,897,239.70	100.00	491,918,796.75	25.86	1,409,978,442.95

(Continued)

Items	Opening balance				Booking value
	Booking balance		Provision		
	Amount	%	Amount	%	
Bad debt provision on individual basis	-	-	-	-	-
Bad debt provision on group	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

1) Bad debt provisions on individual basis

Name	Closing Balance			Reason
	Accounts receivable	Provision for bad debts	Proportion (%)	
SNSL	6,032,000.00	4,780,096.20	79.25	Enforcement has been applied for and full recovery is not expected
Chishui Nong Shang LV	4,686,819.40	3,106,289.40	66.28	Enforcement has been applied for and full recovery is not expected
Mudanjiang Zhongnong	914,911.20	914,911.20	100.00	It has been preserved by litigation

Name	Closing Balance			Reason
	Accounts receivable	Provision for bad debts	Proportion (%)	
Batch Cold Chain Logistics Co. LTD				and is not expected to be recovered
YIDU(SY)Cold Chain Logistics Evolution Co.,Ltd.	635,135.70	635,135.70	100.00	Anticipate changes in customer credit risk
Qingyang Haiyue Agriculture Co Ltd	585,000.00	585,000.00	100.00	not expected to be recovered
Qingdao Langjin New Energy Equipment Co., LTD	327,448.00	327,448.00	100.00	Anticipate changes in customer credit risk
Total	13,181,314.30	10,348,880.50	—	

2) Bad debt provisions on group basis

Aging	Closing Balance		
	Accounts receivable	Provision for bad debts	Drawing proportion (%)
Within 1 year	1,048,630,821.83	63,459,092.57	6.05
1 to 2 years	266,551,896.68	44,618,132.56	16.74
2 to 3 years	186,130,798.76	57,384,125.25	30.83
3 to 4 years	64,509,549.01	31,822,560.52	49.33
4 to 5years	138,624,250.54	100,017,396.77	72.15
Over 5 years	184,268,608.58	184,268,608.58	100.00
Total	1,888,715,925.40	481,569,916.25	—

(2) Receivable listed by aging

Aging	Closing Balance
Within 1 year	1,051,342,084.70
1 to 2 years	271,031,036.91
2 to 3 years	187,045,709.96
3 to 4 years	69,585,549.01
4 to 5years	138,624,250.54
Over 5 years	184,268,608.58
Total	1,901,897,239.70

(3)Bad debt provision of current period

Category	Opening balance	Change during the year			Closing Balance	
		Accrued	Collected/ reversed	Written-off		Others
Bad debt provision	371,763,867.67	77,384,660.21	-	18,057,656.88	60,827,925.75	491,918,796.75
Total	371,763,867.67	77,384,660.21	-	18,057,656.88	60,827,925.75	491,918,796.75

Note: others are from consolidation of Sonyo Compressor & Sonyo Refrigeration System. Bad debt provision of Sonyo Compressor comes in 140,091.75 Yuan, Sonyo Refrigeration System comes in 65,198,433.11 Yuan, Bingshan Technology Service (Dalian) Co., Ltd. Goes out 4,145,388.71 Yuan with disposal.

(4) Accounts receivable written off in current period

Item	Written off amount
Receivable actually written off	18,057,656.88

Key debtors written off

Company name	Nature	Amount	Reason	Procedures	Related party
Haozhou Xinnong Market Real Estate Co. Ltd	Construction	3,360,000.00	bankruptcy and unexpected to be recovered	Board meeting	N
Beijing Bingshan Refrigeration and Air Conditioning Equipment Co., Ltd	Trade receivable	3,121,952.83	deregistration	Board meeting	Y
Anyang Zhongpin Food Industry Co.,Ltd.	Trade receivable	1,620,000.00	bankruptcy and Insolvency	CEO approval	N
Hebei Hongdao Technology Co.,Ltd.	Trade receivable	1,257,965.20	client unable to pay	Board meeting	N
Sanhui Food Logistics (Tianjin) Co., LTD	Trade receivable	1,189,926.00	going concern and unable to pay	Board meeting	N
Chengdu Yinli Refrigerated Logistics Co., LTD	Construction	1,180,000.00	unexpected to be recovered	Board meeting	N
Qingdao Haihe Engineering Co.,Ltd.	Trade receivable	903,000.00	going concern and unable to pay	Board meeting	N
Tianjin Jitai	Trade	574,259.50	unexpected to	Internal	N

Company name	Nature	Amount	Reason	Procedures	Related party
Technology Co., LTD	receivable		be recovered	approval	
Cofco Meat (Jiangsu) Co., LTD	Construction	75,000.00	unexpected to be recovered	Board meeting	N
Sino-Aus Dubbo Donghai Agricultural and Livestock Development Co.,Ltd.	Construction	75,000.00	unexpected to be recovered	Board meeting	N
Total	—	13,357,103.53	—	—	—

(5) Based on closing balance ranking, sum of the top five significant debtors are 265,356,886.44 Yuan, representing 13.95% of total receivables at the year end. 48,505,073.26Yuan bad debt provision is provided respectively.

4. Finance receivable

Items	Closing Balance	Opening Balance
Notes receivable	58,792,792.70	43,704,310.38
Total	58,792,792.70	43,704,310.38

5. Prepayments

(1) Aging of prepayments

Items	Closing Balance		Opening Balance	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	143,894,431.33	83.66	146,457,045.63	80.16
1 to 2 years	18,707,868.78	10.88	16,304,629.82	8.92
2 to 3 years	4,457,439.74	2.59	12,765,104.33	6.99
Over 3 years	4,931,728.27	2.87	7,174,623.77	3.93
Total	171,991,468.12	100.00	182,701,403.55	100.00

No significant prepayments over 1 year

(2) Sum of top 5 prepayment debtors ranking by closing balance is 68,363,483.47Yuan, representing 39.75% of total of closing balance.

6. Other receivables

Items	Closing Balance	Opening Balance
Interest receivable	-	-

Items	Closing Balance	Opening Balance
Dividend receivable	14,495.00	1,003,568.75
Other receivables	51,379,979.24	59,336,527.70
Total	51,394,474.24	60,340,096.45

6.1. Dividends receivable

(1) Classification

Company	Closing Balance	Opening Balance
Guotai Junan Securities	-	952,000.00
Wuhan Steel and Electricity Co., Ltd.	14,495.00	51,568.75
Total	14,495.00	1,003,568.75

6.2. Other receivables

(1) The categories of other receivable according to nature

Items	Closing Balance	Opening Balance
Receivables and payables	38,051,147.58	36,138,235.04
Security deposit	37,147,665.19	26,933,345.60
Petty cash	5,099,052.90	5,654,074.94
Others	6,088,641.82	1,609,350.55
Total	86,386,507.49	70,335,006.13

(2) The bad debt provision of other receivables

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	6,828,531.31	-	4,169,947.12	10,998,478.43
Opening balance during the year	—	—	—	—
--transfer to the 2 nd stage	-	-	-	-
--transfer to the 3 rd stage	-3,925,916.10	-	3,925,916.10	-
--reverse to the 2 nd stage	-	-	-	-

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 1 st stage	-	-	-	-
Accrued	-	-	4,442,806.03	4,442,806.03
Reverse	422,578.76	-	-	422,578.76
Cancelation	-	-	-	-
Written off	320,775.00	-	-	320,775.00
Other movement	175,633.76	-	20,132,963.79	20,308,597.55
Closing balance	2,334,895.21	-	32,671,633.04	35,006,528.25

(3) Other receivable listed by account aging

Aging	Closing Balance
Within 1 year	27,654,438.76
1-2 years	17,231,991.92
2-3 years	26,252,562.64
3-4 years	7,027,188.39
4-5 years	2,501,537.52
Over 5 years	5,718,788.26
Total	86,386,507.49

(4) Provision for bad debt

Category	Opening balance	Change during the year			Closing Balance	
		Accrued	Collected/reversed	Written-off		Others
Bad debt provision	10,998,478.43	4,020,227.27	-	320,775.00	20,308,597.55	35,006,528.25
Total	10,998,478.43	4,020,227.27	-	320,775.00	20,308,597.55	35,006,528.25

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

Item	Amount to be written off
Other receivables written off actually	320,775.00

(6) Other receivables from the top 5 debtors based on closing balance

Name	Category	Closing Balance	Aging	% of the total OR	Closing Balance of Provision
Hangzhou Zhonghong New Energy Co.,Ltd	Refund	5,295,000.00	1-2years	6.13	839,257.50
Dayaowan Customs	Tax refund	3,277,467.08	Within 1 year	3.79	119,955.30
Agriculture Bureau of Moyu County	Deposit	2,548,847.50	2-4 years	2.95	1,191,973.07
Hubei Yurun Meat Food Co. LTD	Refund	1,532,867.61	Within 1 year	1.77	56,102.95
Dalian DETA Hong Kong &China Gas Co.,Ltd	Deposit	1,208,196.13	Within 1 year Over 5 years	1.40	44,219.98
Total		13,862,378.32	-	16.04%	2,251,508.80

(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	257,330,026.33	17,594,044.66	239,735,981.67
Working in progress	219,325,436.31	7,091,948.88	212,233,487.43
Finished goods	358,865,793.97	20,733,013.07	338,132,780.90
Low-value consumable	161,125.34	-	161,125.34
Self-manufactured semi-finished products	30,898,915.81	-	30,898,915.81
Cost to fulfill the contract	518,190,428.65	24,029,331.96	494,161,096.69
Materials on consignment for further processing	15,134,850.12	540,289.54	14,594,560.58
Goods on transit	64,331,292.17	463,920.35	63,867,371.82
Properties written off debtors	2,708,646.00	1,149,186.00	1,559,460.00
Total	1,466,946,514.70	71,601,734.46	1,395,344,780.24

(Continued)

Item	Opening 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

Item	Opening Balance		
	Book value	Provision for decline	Net book value
Finished goods	300,140,274.98	29,448,083.12	270,692,191.86
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

(2) Provision for decline in the value of inventories

Item	Opening Balance	Increase		Decrease		Closing Balance
		Accrual	Others transferred	Reverse/ Written-off	Others transferred	
Raw materials	4,570,316.95	6,183,357.74	6,860,369.97	20,000.00	-	17,594,044.66
WIP	1,929,842.21	4,901,951.00	260,155.67	-	-	7,091,948.88
Finished goods	29,448,083.12	8,195,494.59	2,730,787.46	19,641,352.10	-	20,733,013.07
Cost to fulfill the contract	11,185,200.11	19,225,283.25	-	6,381,151.40	-	24,029,331.96
Materials on consignment for further processing	-	540,289.54	-	-	-	540,289.54
Goods on transit	-	463,920.35	-	-	-	463,920.35
Properties written off debtors	5,203,103.50	201,159.90	-	4,255,077.40	-	1,149,186.00
Total	52,336,545.89	39,711,456.37	9,851,313.10	30,297,580.90	-	71,601,734.46

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
WIP		Sold
Finished goods		Sold
Cost to fulfill the contract		Sold

8. Contract asset

(1) Details

Item	Closing Balance		
	Carrying amount	Provision	Book value
Undue warranty	210,149,278.14	31,927,565.84	178,221,712.30
Revenue recognized over time to be settled	61,997,091.19	14,427,927.71	47,569,163.48
Total	272,146,369.33	46,355,493.55	225,790,875.78

(continued)

Item	Opening Balance		
	Carrying amount	provision	Book value
Undue warranty	125,891,499.90	16,031,841.11	109,859,658.79
Revenue recognized over time to be settled			
Total	125,891,499.90	16,031,841.11	109,859,658.79

(2) Contract asset book value significant change

Item	Change	Reason
Undue warranty	68,362,053.51	Acquisition not under same control, newly contract addition
Revenue recognized over time to be settled	47,569,163.48	Acquisition not under same control, newly revenue addition
Total	115,931,216.99	

(3) Provision for impairment

Item	Accrued	Reverse	Collected/ written off	Reason
Undue warranty	16,386,410.92			Accrued by aging
Revenue recognized over time	14,427,927.71			Accrued by aging

to be settled				
Total	30,814,338.63			

9. Non-current asset due within one year

Item	Closing Balance	Opening Balance
Long term receivable due within 1 year	15,715,631.52	14,990,989.30
Total	15,715,631.52	14,990,989.30

10. Other current assets

Item	Closing Balance	Opening Balance
Input VAT to be deducted	12,825,675.49	23,989,939.28
Prepaid VAT	11,646,669.59	-
Prepaid income tax presented at net amount after offsetting	9,010,312.91	380,483.32
Prepaid expenses	16,919.61	154,654.11
Total	33,499,577.60	24,525,076.71

11. Long term receivable

(1) Details

Item	Closing Balance			Discounted rate
	Carrying amount	Provision	Book value	
Lease premium	-	-	-	
---Unrealized financing income	-	-	-	
Goods sold by installments	5,591,380.90	428,922.00	5,162,458.90	4.75%
Total	5,591,380.90	428,922.00	5,162,458.90	

(Continued)

Item	Opening Balance			Discounted rate
	Carrying amount	Provision	Book value	
Lease premium	-	-	-	
---Unrealized financing income	-	-	-	
Goods sold by installments	-	-	-	4.75%
Total	-	-	-	

(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				
Opening 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	501,389.82	-	-	501,389.82
Reverse				
Cancelation				
Written off				
Other	-72,467.82	-	-	-72,467.82
Closing balance	428,922.00	-	-	428,922.00

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 Appliances cold Chain(Dalian)Co.Ltd.(N2)	90,330,037.43		20,702,064.56	-69,597,984.87	-29,988.00			-			
Beijing Huashang Bingshan Refrigeration and Air-conditioning Machinery Co., Ltd.(N3)	2,139,942.18		2,442,782.42	302,840.24				-			
Dalian Honjo Chemical Co., Ltd	8,926,266.52			892,830.28				-		9,819,096.80	
Keihin-Grand Ocean Thermal Technology(Dalian)Co.,Ltd.	58,799,068.28			3,290,245.23			2,000,000.00			60,089,313.51	
Dalian Fuji Bingshan Vending Machine Co., Ltd.	148,656,014.75			-37,554,674.82						111,101,339.93	
MHI Bingshan Refrigeration (Dalian) Co.,Ltd.	14,923,803.87			477,305.23						15,401,109.10	
Dalian Fuji Bingshan Vending Machine Sales Co., Ltd											
Jiangsu Jingxue Insulation Technology Co.,Ltd (N4)	201,731,528.04		63,957,497.85	7,082,562.57			4,732,344.00			140,124,248.76	
Dalian Bingshan Metal Technology Co.,Ltd.	168,294,942.93			30,420,886.58			23,402,022.05			175,313,807.46	
Dalian Bingshan Group Huahuida Financial Leasing Co., Ltd	44,789,319.55			1,502,255.10			687,697.70			45,603,876.95	

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		
Sonyo Compressor(Dalian)Co.,Ltd.(N1)	460,060,249.49		451,307,603.23	25,369,353.74			34,122,000.00				
Sonyo Refrigeration System (Dalian) Co., Ltd.(N1)	28,480,784.93		27,116,430.98	162,691.50			1,527,045.45				
Wuhan Sikafu Power Control Equipment Co., Ltd	4,372,575.48			432,827.95		729,576.00	-			5,534,979.43	
Total	1,231,504,533.45		565,526,379.04	-37,218,861.27	-29,988.00	729,576.00	66,471,109.20			562,987,771.94	

Note 1: in November this year, shareholdings of Sonyo Compressor(Dalian)Co.,Ltd. &Sonyo Refrigeration System (Dalian) Co., Ltd were acquired, therefor they became subsidiaries from affiliated companies, refer to VII. Change of consolidation scope.

Note 2: in November this year, full shareholdings of Panasonic Appliances cold Chain(Dalian)Co.Ltd was disposed, Panasonic Appliances cold Chain(Dalian)Co.Ltd will not be an affiliate any longer after disposal.

Note 3: Beijing Huashang Bingshan Refrigeration and Air-conditioning Machinery Co., Ltd started liquidation from December 1, 2022and will not be an affiliate any longer.

Note 4: in September 2022, 2% of shareholdings in Jiangsu Jingxue Insulation Technology Co.,Ltd was sold and shareholding drops from 21.91% to 19.91%. in September 2022, 2% of shareholdings in Jiangsu Jingxue Insulation Technology Co.,Ltd was sold and shareholding drops from 19.91% to 14.91%.

13. Other non-current financial assets

Item	Closing Balance	Opening Balance
Financial assets classified as FVTPL	149,950,861.31	261,410,664.61
Including: equity instruments	149,950,861.31	261,410,664.61
Total	149,950,861.31	261,410,664.61

14. Investment property

(1) Investment property measured as cost model

Item	Property & building	Land-use-rights	Total
I. Initial cost			
1. opening balance	230,594,490.07	26,094,438.38	256,688,928.45
2. addition	-	-	-
3. decrease	-	-	-
4. closing balance	230,594,490.07	26,094,438.38	256,688,928.45
II. Accumulated depreciation	-	-	-
1. opening balance	123,629,414.79	12,306,704.05	135,936,118.84
2. addition	4,898,002.65	521,888.76	5,419,891.41
(1) accrued/amortization	4,898,002.65	521,888.76	5,419,891.41
3. decrease			
4. closing balance	128,527,417.44	12,828,592.81	141,356,010.25
III. Impairment reserve			
1. opening balance	-	-	-

Item	Property & building	Land-use-rights	Total
2. addition	-	-	-
3. decrease	-	-	-
4. closing balance	-	-	-
IV. Book value			
1. Closing book value	102,067,072.63	13,265,845.57	115,332,918.20
2. Opening book value	106,965,075.28	13,787,734.33	120,752,809.61

15. Fixed assets

Items	Closing Book Value	Opening Book Value
Fixed asset	1,229,029,368.93	855,395,405.85
Fixed asset disposal	-	-
Total	1,229,029,368.93	855,395,405.85

(1) Fixed assets detail

Item	Property & buildings	Machinery equipment	Transportation equipment	Other equipment	Total
I. Initial cost					
1. Opening balance	695,343,883.14	617,253,312.03	12,914,199.47	61,535,741.18	1,387,047,135.82
2. Increase	138,059,316.47	1,122,922,470.45	11,564,954.06	161,801,018.88	1,434,347,759.86
(1) Purchase	613,723.33	16,399,059.50	345,506.26	1,656,853.99	19,015,143.08
(2) Transferred from construction-in-progress	298,245.18	22,356,669.34	-	487,501.92	23,142,416.44
(3) Acquired from business combination	137,147,347.96	1,084,166,741.61	11,219,447.80	159,656,662.97	1,392,190,200.34
3. Decrease	271,507.00	39,387,731.90	2,628,685.98	7,429,054.98	49,716,979.86
(1) Disposal	-	2,330,920.47	1,728,172.54	1,190,184.35	5,249,277.36
(2) Acquired from business combination	271,507.00	37,056,811.43	900,513.44	6,238,870.63	44,467,702.50
4. Closing balance	833,131,692.61	1,700,788,050.58	21,850,467.55	215,907,705.08	2,771,677,915.82

Item	Property & buildings	Machinery equipment	Transportation equipment	Other equipment	Total
II. Accumulated depreciation					
1. Opening balance	131,345,400.98	341,061,738.95	8,806,440.56	50,162,389.94	531,375,970.43
2. Increase	113,126,967.23	810,577,852.27	8,988,912.18	105,854,675.02	1,038,548,406.70
(1) Accrued	17,495,413.14	52,894,586.19	741,177.31	5,707,024.84	76,838,201.48
(2) Acquired from business combination	95,631,554.09	757,683,266.08	8,247,734.87	100,147,650.18	961,710,205.22
3. Decrease	244,356.30	31,619,709.51	2,376,128.98	6,018,382.54	40,258,577.33
(1) Disposal	-	1,860,776.87	1,056,316.17	645,488.87	3,562,581.91
(2) Acquired from business combination	244,356.30	29,758,932.64	1,319,812.81	5,372,893.67	36,695,995.42
4. Closing balance	244,228,011.91	1,120,019,881.71	15,419,223.76	149,998,682.42	1,529,665,799.80
III. Impairment reserve					
1. Opening balance	-	275,759.54	-	-	275,759.54
2. Increase	201,250.96	8,564,126.08	286,519.26	3,655,091.25	12,706,987.55
(1) Accrued					
(2) Acquired from business combination	201,250.96	8,564,126.08	286,519.26	3,655,091.25	12,706,987.55
3. Decrease					
4. Closing balance	201,250.96	8,839,885.62	286,519.26	3,655,091.25	12,982,747.09
IV. Book value					
1. Closing book value	588,702,429.74	571,928,283.25	6,144,724.53	62,253,931.41	1,229,029,368.93
2. Opening book value	563,998,482.16	275,915,813.54	4,107,758.91	11,373,351.24	855,395,405.85

(2) Fixed assets without ownership certificate

Item	Book value	Reason
Self-constructed buildings	27,465,128.49	Up to December 31,2022, sum of net book value of the buildings without ownership certificate is 27,465,128.49 Yuan, they are all self-constructed buildings. Because the land right where the buildings stand on are not obtained, ownership certificate of the buildings are not ready.

16. Construction-in-progress

Item	Closing book value	Opening book value
Construction-in-progress	115,577,902.54	38,974,478.45
Construction materials	-	-
Total	115,577,902.54	38,974,478.45

(1) Construction-in-progress details

Item	Closing balance			Opening balance		
	Book balance	Provision	Book Value	Book balance	Provision	Book value
Buildings & reconstruction	24,796,146.56	-	24,796,146.56	4,330,904.06	-	4,330,904.06
Improvement of machinery	82,341,565.62	-	82,341,565.62	24,409,028.60	-	24,409,028.60
Software of intelligent manufacture	3,575,525.17	-	3,575,525.17	1,069,880.60	-	1,069,880.60
Power generation project	9,164,665.19	4,300,000.00	4,864,665.19	9,164,665.19	-	9,164,665.19
Total	119,877,902.54	4,300,000.00	115,577,902.54	38,974,478.45	-	38,974,478.45

(2) Change in the significant construction in progress

Name	Opening balance	Increase	Decrease		Closing balance
			Transfer to FA/ Intangible assets	Other decrease	
Buildings & reconstruction	4,330,904.06	34,933,807.31	14,316,352.42	152,212.39	24,796,146.56
Improvement of machinery	24,409,028.60	69,792,719.83	11,860,182.81	-	82,341,565.62
Software of intelligent manufacture	1,069,880.60	5,635,971.44	2,997,599.76	132,727.11	3,575,525.17

Name	Opening balance	Increase	Decrease		Closing balance
			Transfer to FA/ Intangible assets	Other decrease	
Power generation project	9,164,665.19				9,164,665.19
Total	38,974,478.45	110,362,498.58	29,174,134.99	284,939.50	119,877,902.54

(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	27,271,836.00	90.92	90.92	-			Self-financing
Improvement of machinery	101,691,814.04	80.97	80.97	-			Self-financing
Software of intelligent manufacture	3,610,000.00	99.05	99.05	-			Self-financing
Power generation project	15,020,000.00	32.39	32.39	837,440.00			Self-financing borrowing
Total	147,593,650.04	—	—	837,440.00	—	—	—

(3) Impairment provision

Item	Provision	Reason
Power generation project	4,300,000.00	Project standstill
Total	4,300,000.00	—

17. Right-of-use assets

Item	Property/ buildings	Machinery	Transportation equipment	Others	Land use right	Total
I. Initial cost						
1. Opening balance	4,827,598.49	28,234,690.39	334,540.86	526,894.11	-	33,923,723.85
2. Increase	9,574,424.24	2,031,380.53	-	194,322.58	7,945,762.91	19,745,890.26
(1) lease in	5,205,530.42	2,031,380.53	-	-	-	7,236,910.95
(2) business combination	4,368,893.82	-	-	194,322.58	7,945,762.91	12,508,979.31
3. Decrease	2,143,769.48	8,223,690.03	-	526,894.11	-	10,894,353.62
4. Closing balance	12,258,253.25	22,042,380.89	334,540.86	194,322.58	7,945,762.91	42,775,260.49
II. Accumulated amortization						
	—	—	—	—	—	—
1. Opening balance	1,654,921.59	8,078,883.59	111,513.62	143,701.68		9,989,020.48
2. Increase	3,050,831.36	2,713,098.38	111,513.62	128,507.63	1,704,560.90	7,708,511.89
(1) Accrued	661,704.22	2,713,098.38	111,513.62	37,548.19	185,222.38	3,709,086.79
(2) business combination	2,389,127.14	-	-	90,959.44	1,519,338.52	3,999,425.10
3. Decrease	2,143,769.48	3,547,183.83	-	172,980.83	-	5,863,934.14
4. Closing balance	2,561,983.47	7,244,798.14	223,027.24	99,228.48	1,704,560.90	11,833,598.23
III. Impairment reserve						
	—	—	—	—	—	—
1. Opening balance	-	-	-	-	-	-
2. Increase	-	-	-	-	-	-

Item	Property/ buildings	Machinery	Transportation equipment	Others	Land use right	Total
3. Decrease	-	-	-	-	-	-
4. Closing balance	-	-	-	-	-	-
IV. Book value	—	—	—	—	—	—
1. Closing book value	9,696,269.78	14,797,582.75	111,513.62	95,094.10	6,241,202.01	30,941,662.26
2. Opening book value	3,172,676.90	20,155,806.80	223,027.24	383,192.43	-	23,934,703.37

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	34,007,344.48	207,824,803.54
2. Increase	21,964,150.48	-	773,680.00	26,757,007.62	49,494,838.10
(1) Purchase	-	-	-	4,189,678.01	4,189,678.01
(2) increase via merge	21,964,150.48	-	773,680.00	16,535,611.06	39,273,441.54
(3) Transferred from construction-in-progress	-	-	-	6,031,718.55	6,031,718.55
3. Decrease	-	-	-	1,387,556.28	1,387,556.28
(1) Business combination	-	-	-	1,387,556.28	1,387,556.28
4. Closing balance	173,151,420.72	17,630,188.82	5,773,680.00	59,376,795.82	255,932,085.36
II. Accumulated amortization					
1. Opening balance	39,273,017.51	7,611,159.85	3,000,004.00	15,347,884.08	65,232,065.44
2. Increase	8,323,970.37	1,429,516.20	1,273,696.00	11,738,763.24	22,765,945.81
(1) Accrued	3,096,751.48	1,429,516.20	500,016.00	5,452,245.89	10,478,529.57
(2) Increase from merger	5,227,218.89	-	773,680.00	6,286,517.35	12,287,416.24
3. Decrease	-	-	-	142,645.96	142,645.96
(1) Business combination	-	-	-	142,645.96	142,645.96
4. Closing balance	47,596,987.88	9,040,676.05	4,273,700.00	26,944,001.36	87,855,365.29
III. Impairment provision					
1. Opening balance	-	-	-	-	-
2. Increase	-	-	-	-	-
3. Decrease	-	-	-	-	-
(1) Disposal	-	-	-	-	-
IV. Book value					
1. Closing book	125,554,432.84	8,589,512.77	1,499,980.00	32,432,794.46	168,076,720.07

Item	Land use right	Patent	Non-Patent	Others	Total
value					
2. Opening book value	111,914,252.73	10,019,028.97	1,999,996.00	18,659,460.40	142,592,738.10

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 Universe Thermal Technology Co.,Ltd.	1,440,347.92					1,440,347.92
Dalian Bingshan Group Engineering Co., Ltd	310,451.57					310,451.57
Sonyo Compressor(Dalian)Co.,Ltd		240,922,872.80				240,922,872.80
Sonyo Refrigeration System (Dalian) Co., Ltd.		5,671,836.12				5,671,836.12
Total	1,750,799.49	246,594,708.92				248,345,508.41

(2) Goodwill impairment provision

In the year 2015, the book value of equity investment of Dalian Universe Thermal 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 BingshanBaoan Leisure Industry Company's identifiable net asset is 5,049,096.85 Yuan on the purchasing day, therefore, goodwill is 310,451.57Yuan on the purchasing date. Dalian Bingshan Group Construction Co., Ltd absorbed Dalian Bingshan Baoan Leisure Industry Co., Ltd in 2019.

In 2022, the Company purchased 60% of the shareholdings of Sonyo

Compressor(Dalian)Co.,Ltd from Sanyo Electric(China)Co.,Ltd, and negotiated with Sanyo Electric(China)Co.,Ltd to determine the share transfer consideration of 929,148,000.00 Yuan. After the transaction, Sonyo Compressor(Dalian)Co.,Ltd became a subsidiary. This transaction is a business combination not under same control, cost of combination is the FV of previous shareholdings on acquisition date plus 60% shareholdings acquisition consideration, which is 1,548,580,000Yuan in total. Goodwill of 240,922,872.80 Yuan is recognized for the difference between the share of FV of net identifiable asset of acquiree, 1,307,657,127.20Yuan and cost of combination on acquisition date.

In 2022, the Company purchased 30% of the shareholdings of Sonyo Refrigeration System (Dalian) Co., Ltd. from Panasonic Corporation of china Co., LTD and 25% shareholdings of Sonyo Refrigeration System (Dalian) Co., Ltd from Panasonic Appliances cold Chain(Dalian)Co.Ltd. The negotiated share transfer consideration of 81,735,060.00 Yuan. After the transaction, Sonyo Compressor(Dalian)Co.,Ltd became a subsidiary. This transaction is a business combination not under same control, cost of combination is the FV of previous shareholdings on acquisition date plus 55% shareholdings acquisition consideration, which is 111,456,900.00Yuan in total. Goodwill of 5,671,836.12 Yuan is recognized for the difference between the share of FV of net identifiable asset of acquire, 105,785,063.87Yuan and cost of combination on acquisition date.

The book value of goodwill from business combination of Dalian Universe Thermal Technology Co.,Ltd, Dalian Bingshan Baoan Leisure Industry Co., Ltd, Sonyo Compressor(Dalian)Co.,Ltd and Sonyo Refrigeration System (Dalian) Co., Ltd which are not under same control shall be allocated into the relevant asset group using the reasonable method since acquisition date, and be tested for impairment on related asset groups containing goodwill by professional appraisal companies or use evaluation models to predict the present value of future cash flows according to the gross profit rate, sales growth rate, discount rate and other parameters in the next few years, 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
Greenland of new factory	4,832,292.10	-	892,115.52	-	3,940,176.58
Employee's dormitory use right	1,735,213.74	-	138,478.32	-	1,596,735.42
Membership fee for golf	407,000.00	-	16,500.00	-	390,500.00
Renovation and rebuilding	1,020,822.14	249,056.35	228,285.05	701,952.14	339,641.30
Amortization of instruments		305,935.99	86,422.37	-	219,513.62

Item	Opening Balance	Increase	Amortization	Other Decrease	Closing balance
Technology entrance fee of cold and heat machinery	93,356.25		93,356.25		
Total	8,088,684.23	554,992.34	1,455,157.51	701,952.14	6,486,566.92

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	383,685,092.04	70,892,192.53	367,572,645.45	77,433,815.32
Provision for impairment of assets	110,205,587.05	18,013,430.31	55,608,764.16	10,412,376.27
Provision	16,786,967.43	2,518,045.11	-	-
Deductible loss	9,991,507.80	1,498,726.17	-	-
Unrealized profit from internal transaction	13,034,503.47	1,955,175.52	13,555,883.61	2,033,382.54
Accrued sales discount	13,744,913.65	2,061,737.05		
FA depreciation	35,600,567.62	5,340,085.14		
Others	845,210.65	126,781.60		
Total	583,894,349.71	102,406,173.43	436,737,293.22	89,879,574.13

(2) Deferred tax liabilities without offsetting

Item	Closing balance		Opening balance	
	Taxable temporary difference	Deferred tax liabilities	Taxable temporary difference	Deferred tax liabilities
Revaluation increase in business combination asst not under same control	211,352,103.77	31,702,815.57		
Change on FV of other non-current financial assets	137,357,000.73	20,603,550.11	237,308,998.02	35,596,349.70
FA depreciation	46,545,245.48	6,981,786.82		
Total	395,254,349.98	59,288,152.50	237,308,998.02	35,596,349.70

(3) Net differed tax asset or liability

Item	Offset amount at the year-end	Closing balance of net of DTA/DTL	Offset amount at the beginning of the year	Opening balance of net of DTA/DTL
Deferred tax assets	6,981,786.82	95,424,386.61	-	89,879,574.13
Deferred tax liabilities	6,981,786.82	95,424,386.61	-	89,879,574.13

(4) Unrecognized deferred tax assets details

Item	Closing balance	Opening balance
Deductible temporary difference	173,990,137.06	30,659,975.23
Deductible loss	304,513,803.17	224,773,151.64
Total	478,503,940.23	255,433,126.87

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

Year	Closing balance	Opening balance	Notes
2023		16,458,262.38	
2024	7,735,166.14	61,554,422.97	
2025	8,950,922.50	21,436,832.18	
2026	54,629,003.37	124,607,476.02	
2027	61,240,033.97		
2028	13,111,421.07		
2029	45,365,135.77		
2030	10,574,799.57		
2031	50,864,213.30		
2032	52,043,107.48		
Total	304,513,803.17	224,773,151.64	

22. Short-term borrowing

(1) Category of short-term borrowing

Loan category	Closing balance	Opening balance
Credit loan	262,016,713.87	230,373,666.72
Pledged loan	12,036,276.28	6,538,425.00
Mortgaged loan	-	9,025,000.00
Guarantee loan		
Total	274,052,990.15	245,937,091.72

(2) no overdue short term borrowing this year

23. Notes payable

Notes Category	Closing balance	Opening balance
Bank acceptance notes	616,424,384.85	372,141,300.89
Commercial acceptance notes	2,520,000.00	7,891,738.67
Total	618,944,384.85	380,033,039.56

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

24. Accounts payable

Item	Closing balance	Opening balance
Material payments	956,122,327.00	558,353,834.37
Project payments	567,873,401.74	328,569,617.62
Equipment payments	55,406,593.91	31,092,321.64
Others	6,695,737.94	1,856,153.90
Total	1,586,098,060.59	919,871,927.53

25. Contract liability

Item	Closing balance	Opening balance
Received in advance due from unrealized revenue	647,645,820.57	499,719,963.40
Total	647,645,820.57	499,719,963.40

26. Employee's payable

(1) Category of employee's payable

Item	Opening balance	Increase	Decrease	Closing balance
Short-term employee's payable	35,148,570.37	441,095,373.81	358,043,484.58	118,200,459.60
Post-employment benefit –defined contribution plan	212.11	38,198,245.70	38,182,234.18	16,223.63
Termination benefits		534,750.80	534,750.80	-
Other welfare due within 1 year		-	-	-
Total	35,148,782.48	479,828,370.31	396,760,469.56	118,216,683.23

(2) Short-term employee's payables

Item	Opening balance	Increase	Decrease	Closing balance
Salaries, bonus, allowance, and subsidy	31,256,481.52	348,877,332.83	276,782,568.51	103,351,245.84
Welfare	1,849,331.65	18,025,607.15	19,874,938.80	-
Social insurance	661.20	22,567,810.07	22,559,469.56	9,001.71

Item	Opening balance	Increase	Decrease	Closing balance
Include: Medical insurance	-	17,485,099.19	17,477,365.63	7,733.56
Supplemental insurance	-	359,375.57	359,375.57	-
On-duty injury insurance	661.20	2,678,633.11	2,678,026.16	1,268.15
Maternity insurance	-	2,044,702.20	2,044,702.20	-
Housing funds	305,192.81	30,648,930.70	30,954,123.51	-
Labor union and training expenses	1,736,903.19	7,419,066.14	5,729,782.06	3,426,187.27
Short-term leave with pay	-	57,121.22	57,121.22	-
Reward bonus and welfare fund		12,093,734.78	679,710.00	11,414,024.78
Others		1,405,770.92	1,405,770.92	-
Total	35,148,570.37	441,095,373.81	358,043,484.58	118,200,459.60

(3) Defined contribution plan

Item	Opening balance	Increase	Decrease	Closing balance
Pension	-	36,949,930.41	36,937,304.17	12,626.24
Unemployment insurance	212.11	1,248,315.29	1,244,930.01	3,597.39
Company annuity plan	-	-	-	-
Total	212.11	38,198,245.70	38,182,234.18	16,223.63

27. Tax payable

Item	Closing balance	Opening balance
Value-added tax	23,058,922.64	8,428,289.41
Enterprise income tax	3,541,171.62	825,185.23
Real estate tax	2,212,510.37	1,910,131.37
City maintenance and construction tax	1,253,818.83	178,955.65
Land use tax	1,122,457.62	1,094,769.07
Education surcharge	895,584.93	127,825.46
Individual income tax	818,322.16	471,053.12
Stamp duty	787,688.77	477,653.78
River toll fee	1,046.68	984.73
Total	33,691,523.62	13,514,847.82

28. Other accounts payable

Item	Closing balance	Opening balance
Interest payable	-	
Dividend payable	533,156.00	3,008,156.00
Other accounts payable	66,521,094.25	52,275,984.21
Total	67,054,250.25	55,284,140.21

28.1 Dividend payable

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

28.2 Other accounts payable

(1) Other payables categorized by payments nature

Payments nature	Closing balance	Opening balance
Apply for reimbursement and unpaid	21,409,586.91	10,784,375.08
Cash pledge and security deposit	11,393,395.62	11,879,889.59
Trade mark and royalty	3,505,028.04	-
Receipts under custody	700,531.82	2,449,487.90
Others	29,512,551.86	27,162,231.64
Total	66,521,094.25	52,275,984.21

29. Non-current liabilities due within one year

Item	Closing balance	Opening balance
Bond payable due within one year	24,900,000.00	
Long-term payable due within one year	29,809,686.93	13,876,415.99
Lease obligation due within one year	8,396,267.63	10,298,972.13
Total	63,105,954.56	24,175,388.12

30. Other current liabilities

Item	Closing balance	Opening balance
Notes payable endorsed not derecognized	127,165,397.88	143,288,366.08
Output Vat to be carried forward	77,484,605.36	51,924,840.83
Total	204,650,003.24	195,213,206.91

31. Long-term borrowing

(1) Category of long-term borrowing

Category	Closing Balance	Opening Balance
Pledged loan	585,100,000.00	-
Guarantee loan	130,000,000.00	150,000,000.00
Total	715,100,000.00	150,000,000.00

Note 1: pledged loan of 0.6 billion Yuan is for business combination in 2022, which comprises 0.3 billion Yuan from Dalian Zhoushuizi Branch of China Construction Bank Corporation, 5years with 2.75% borrowing rate. 50% shareholdings of Sonyo Compressor(Dalian)Co.,Ltd and 37.5% shareholdings of Sonyo Refrigeration System (Dalian) Co., Ltd. were pledged. China Construction Bank Corporation will complete the guarantee in February 2023. 0.3 billion Yuan from Dalian Branch of Bank of Communications Co.,Ltd., 7 years with 2.75% borrowing rate. 50% shareholdings of Sonyo Compressor(Dalian)Co.,Ltd and 37.5% shareholdings of Sonyo Refrigeration System (Dalian) Co., Ltd. were pledged. Dalian Branch of Bank of Communications Co.,Ltd will complete the guarantee in February 2023.

Note 2: 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	23,357,885.20	16,861,280.02
Less: unrecognized finance expense	3,731,085.52	1,168,286.75
Non-current liability due within 1 year	8,396,267.63	10,298,972.13
Net lease liability	11,230,532.05	5,394,021.14

33. Long term accounts payable

Item	Closing Balance	Opening Balance
Long term accounts payable	31,009,644.16	19,998,913.29
Special fund payable	-	-
Total	31,009,644.16	19,998,913.29

33.1 Category by nature

Nature	Closing Balance	Opening Balance
Financial lease borrowings	31,009,644.16	19,998,913.29
Total	31,009,644.16	19,998,913.29

34. Provision

Nature	Closing Balance	Opening Balance	Reason
Open litigation	15,710,985.28		litigation
Warranty	3,094,982.15		Service after sales
Total	18,805,967.43		

35. Deferred income

(1) Category of deferred income

Item	Opening Balance	Increase	Decrease	Closing Balance
Government subsidy	106,185,323.82	27,500.00	6,458,477.43	99,754,346.39
Total	106,185,323.82	27,500.00	6,458,477.43	99,754,346.39

(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
Contribution to subsidiary company relocation	38,990,000.00			1,114,000.00		37,876,000.00	Asset related
Application of NH3 and CO2 instead of R22 screw refrigerating machine combined condensing unit	22,505,971.44				1,999,533.16	20,506,438.28	Asset Related
Compressor IC system	3,538,360.27				368,769.72	3,169,590.55	Asset related
Ultrasonic intelligent defrost technology	3,421,177.42			30,000.00	384,824.40	3,006,353.02	Asset related/ Income
Eco Compressor project	19,975,471.49				2,553,850.15	17,421,621.34	Asset related

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
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
Refrigeration testing APP		27,500.00		7,500.00		20,000.00	
Total	106,185,323.82	27,500.00		1,151,500.00	5,306,977.43	99,754,346.39	—

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	669,193,413.27		-	669,193,413.27
Other capital reserves	51,022,453.51	729,576.00	3,848,344.40	47,903,685.11
Total	720,215,866.78	729,576.00	3,848,344.40	717,097,098.38

Note1: other capital reserve decreased by 3,512,172.40 Yuan during the year is the amount of that the consideration paid for purchasing minority interest of Wuhan Lanning Energy Technology Co., Ltd by Wuhan New World Refrigeration Industrial Co., Ltd, which is a subsidiary of the Company, is more than the share of the identifiable net asset in the subsidiary.

Note 2: capital reserve of 336,172.00Yuan decreased during the year because of disposal of Bingshan Technology Service (Dalian) Co., Ltd.

Note 3: capital reserve increased by 729,576.00Yuan because of equity method accounting of its subsidiary , Wuhan New World Refrigeration Industrial Co., Ltd's investment in Wuhan Lanning Energy Technology Co., Ltd.

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	2,178,681.73		29,988.00		29,988.00		2,208,669.73
Other comprehensive income that can be transferred to profit or loss under the equity method	2,178,681.73		29,988.00		29,988.00		2,208,669.73
Other comprehensive income total	2,178,681.73		29,988.00		29,988.00		2,208,669.73

39. Special reserve

Item	Opening Balance	Increase	Decrease	Closing Balance
Manufacturing safety		4,613,180.31	4,613,180.31	
Total		4,613,180.31	4,613,180.31	

40. Surplus reserves

Item	Opening Balance	Increase	Decrease	Closing Balance
Statutory surplus reserve	347,216,790.47	15,755,434.51	-	362,972,224.98
Discretionary surplus reserve	462,254,409.17	-	-	462,254,409.17
Total	809,471,199.64	15,755,434.51	-	825,226,634.15

41. Undistributed profits

Item	Current year	Last year
Closing balance of last year	627,764,582.32	997,601,577.97
Add: Adjustments to the opening balance of undistributed profits		-79,559,636.71
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	627,764,582.32	918,041,941.26
Add: net profit attributable to shareholders of parent company in the year	18,255,330.45	-269,059,849.96
Less: Provision for statutory surplus reserves	15,755,434.51	-
Provision for any surplus reserves	-	12,785,383.91
Provision of general risk	-	-
Dividends payable for common shares	8,432,125.07	8,432,125.07
Common stock dividends converted to equity	-	-
Others	3,386,430.61	
Closing balance of current year	618,445,922.58	627,764,582.32

42. Operating revenue and cost

(1) Details

Items	Current year	Last year
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	Sales revenue	Cost of sales	Sales revenue	Cost of sales
Revenue from principle operation	2,803,347,359.37	2,459,913,203.46	2,031,958,305.49	1,808,263,206.67
Revenue from other operation	89,737,950.92	77,615,637.94	57,249,950.73	41,268,065.62
Total	2,893,085,310.29	2,537,528,841.40	2,089,208,256.22	1,849,531,272.29

(2) Main revenue from contract details

Contract classification	Northeast China	Central China	East China	Total
Classified at products type	2,583,634,534.32	218,417,694.72	1,295,130.33	2,803,347,359.37
Manufacture products	1,713,166,227.20	205,996,804.29	1,295,130.33	1,920,458,161.82
Project installation	845,343,539.60	12,420,890.43	-	857,764,430.03
Other products and service	25,124,767.52	-	-	25,124,767.52
Classified at geography location	2,583,634,534.32	218,417,694.72	1,295,130.33	2,803,347,359.37
domestic	2,403,716,824.07	218,417,694.72	1,295,130.33	2,623,429,649.12
overseas	179,917,710.25	-	-	179,917,710.25
Total	2,583,634,534.32	218,417,694.72	1,295,130.33	2,803,347,359.37

43. Taxes and surcharges

Items	Current year	Last year
Property tax	8,149,841.00	7,889,230.05
Land use tax	4,339,092.94	4,770,267.58
City construction tax	3,787,453.40	2,697,059.55
Stamp duty	3,036,523.34	1,628,433.67
Education surcharge	2,716,374.19	1,937,881.46
Vehicle and vessel tax	21,640.80	25,419.48
Others	10,700.69	3,559.17
Total	22,061,626.36	18,951,850.96

44. Selling expenses

Items	Current year	Last year
Employee benefit	94,640,905.30	79,027,032.72
Maintenance and repair expense	17,886,776.97	10,817,179.44
Official business expense	15,487,688.84	17,287,793.62
Travel expense	12,871,992.12	9,309,818.45
Business entertaining expense	9,081,381.79	9,790,470.43

Advertisement and bids expense	1,817,387.69	2,335,235.14
Depreciation expense	861,025.06	1,781,527.37
Other expense	1,088,557.19	284,852.13
Total	153,735,714.96	130,633,909.30

45. Administrative expenses

Items	Current year	Last year
Employee benefit	104,233,517.24	104,074,747.58
Official expense	19,600,747.44	17,723,620.65
Depreciation expense	17,450,109.34	12,382,260.68
Design consultant and test service expense	14,255,471.99	4,398,890.50
Maintenance and repair expense	8,558,115.62	8,501,811.94
Long-term assets amortization	7,988,593.35	7,564,598.02
Travel expense	4,544,965.76	5,387,065.85
Safety production cost	2,791,153.21	3,799,007.87
Business entertaining expense	1,664,993.09	2,248,318.02
Patent trade mark use	1,139,572.89	
Other taxes and fee	841,243.95	559,693.52
Insurance expense	830,189.74	931,137.81
Advertisement expense	424,668.21	875,051.39
Transportation expense	204,637.83	671,904.44
Other expense	1,850,224.84	1,495,327.88
Total	186,378,204.50	170,613,436.15

46. Technology development expense

Items	Current year	Last year
Employee benefit	52,660,638.70	46,269,704.41
Raw material	12,253,575.39	11,493,089.36
Depreciation and amortization expense	6,409,516.10	4,541,949.24
Other expense	5,469,075.50	2,965,022.22
Total	76,792,805.69	65,269,765.23

47. Financial expenses

Items	Current year	Last year
Interest expenses	18,581,726.78	16,718,288.26
Less: interest income	5,850,062.80	5,193,155.75
Add: exchange loss	-3,698,043.31	-898,833.22
Add: others expenditure	2,791,902.36	3,315,626.94
Total	11,825,523.03	13,941,926.23

48. Other income

Items	Current year	Last year
Government subsidy	6,473,525.00	10,728,811.44
Land and property tax preference	391,094.76	-
Gain on debt restructuring	119,554.03	-
Job stability subsidy	98,244.00	-
Personal income tax handling fee refund	90,694.36	70,983.39
VAT return	43.32	-
Total	7,173,155.47	10,799,794.83

49. Investment income

Items	Current year	Last year
Long-term equity investment gain under equity method	-37,218,861.27	-85,710,592.25
Gain from disposal of long-term equity investment	109,098,404.60	27,665,072.62
Gain from FV remeasurement of the shares on obtaining control	170,729,805.79	
Gain from holding of other noncurrent financial assets	20,671,710.39	7,255,249.48
Gain from disposal of other no-current financial assets	43,296,525.04	2,523,680.32
Gain on debt restructuring	110,913.39	819,297.68
Total	306,688,497.94	-47,447,292.15

50. Gain on fair value change

Source of gain on FV change	Current year	Last year
Other noncurrent financial assets	-46,991,034.40	52,398,565.78
Total	-46,991,034.40	52,398,565.78

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

Items	Current year	Last year
Bad debt loss on notes receivable	-789,111.45	2,055,299.46
Bad debt loss on receivable	-77,384,660.21	-97,597,742.66
Bad debt loss on other receivable	-4,020,227.27	107,768.08
Bad debt loss on long term receivable	-501,389.82	4,636,661.13
Total	-82,695,388.75	-90,798,013.99

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

Items	Current year	Last year
Loss on impairment of inventory and cost to fulfill the contract obligation	-39,711,456.37	-46,330,540.22
Loss of contract asset impairment	-30,814,338.63	-3,296,146.61

Impairment on construction in progress	-4,300,000.00	
Total	-74,825,795.00	-49,626,686.83

53. 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	194,556.13	59,272.29	194,556.13
Including: gain on non-current assets disposal not classified as held for sale	194,556.13	59,272.29	194,556.13
Including: gain on fixed assets disposal	194,556.13	59,272.29	194,556.13
Total	194,556.13	59,272.29	194,556.13

54. Non-operating income

(1) Non-operating income list

Item	Current year	Last year	Amounts recognized into non-recurring profit or loss for the year
Penalty	6,612,182.54		6,612,182.54
Creditor giving up	4,345,157.74		4,345,157.74
Contract withdrawn and received in advance transferred to non-operating income	432,311.90	2,983,246.50	432,311.90
Gain on disposal of non-current asset	93,160.73		93,160.73
Other items	358,715.64	1,491,460.42	358,715.64
Total	11,841,528.55	4,474,706.92	11,841,528.55

55. Non-operating expenses

Item	Current year	Last year	Amounts recognized into non-recurring profit or loss for the year
Compensation	2,813,844.43	7,680,000.00	2,813,844.43
Expected loss for open litigation	2,019,000.00		2,019,000.00
Non-current assets scrap loss	191,291.12	1,474,287.01	191,291.12
Outward donation	57,000.00	60,000.00	57,000.00
Inventory shortage		2,303.16	
Others	123,404.80	402,800.25	123,404.80

Total	5,204,540.35	9,619,390.42	5,204,540.35
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56. Income tax expenses

(1) Income tax expenses

Items	Current year	Last year
Current income tax expenses	5,482.46	3,010,709.68
Deferred income tax expenses	1,049,127.16	-17,314,063.15
Total	1,054,609.62	-14,303,353.47

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

Items	Current year
Consolidated total profit this year	20,943,573.94
Income tax expenses at applicable tax rate	3,141,536.09
Effect on subsidiary applied to different tax rate	-14,023,409.28
Effect on prior period income tax	912,499.72
Effect on non-taxable income	-33,262,753.99
Effect on non-deductible cost, expense and loss	2,747,804.82
Effect on use of deductible loss from unrecognized deferred tax assets in the prior period	-2,372,719.16
Effect on temporary difference or deductible loss from unrecognized deferred tax assets this year	38,379,332.62
R&D expenditure accelerated deduction	-12,901,908.10
FA accelerated deduction	-6,742,781.09
Others	25,177,007.99
Income tax expense	1,054,609.62

Note: others reverse the effect on recognized deferred tax asset in the prior period

57. Other comprehensive income

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

58. 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
Deposit given back	43,441,397.62	41,513,085.25
Lease premium received	14,641,754.19	-
Compensation	10,248,694.24	-
Government grants	5,669,861.48	14,489,543.00

Interest income	5,128,719.77	4,037,645.63
Receivable from the 3 rd party	4,656,358.49	-
Frozen money refund	3,407,480.07	-
Received travel expense refund	3,180,530.19	2,497,395.96
Others	2,065,719.26	1,755,419.70
Total	92,440,515.31	64,293,089.54

2) Other cash paid relating to operating activities

Items	Current year	Last year
Expenditure	122,463,075.59	91,537,037.91
Deposit paid	89,837,201.58	42,860,074.05
Business travel borrowing	6,698,577.75	9,534,563.41
Unsettled AR/AP among non-related party	2,896,588.50	9,027,444.39
Bank handling charges	1,737,635.11	3,024,534.78
Frozen accounts	209,197.14	-
Unsettled AR/AP among related party	-	2,000,000.00
Others	8,261,197.76	4,592,818.07
Total	232,103,473.43	162,576,472.61

3) Others cash received relating to financing activities

Items	Current year	Last year
Sale leaseback and financial lease	12,000,000.00	27,476,663.49
Notes discounted	11,991,047.27	-
Collection of guarantee money at the year end	-	56,369,665.56
Total	23,991,047.27	83,846,329.05

4) Others cash paid relating to financing activities

Items	Current year	Last year
Sale& leaseback and financial lease	25,415,743.25	22,971,894.19
Lease premium	3,713,373.61	5,246,090.60
Payment of guarantee money		75,003,788.58
Purchase of minority interest		8,765,615.00
Total	29,129,116.86	111,987,388.37

(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	19,888,964.32	-275,189,594.04

Items	Current year	Last year
Add: Provision for impairment of assets	74,825,795.00	49,626,686.83
Provision for impairment of credit	82,695,388.75	90,798,013.99
Depreciation of fixed assets, Amortization of mineral resources, and biological assets	82,258,092.89	85,379,019.94
Depreciation of right-of-use assets	3,709,086.79	5,557,030.56
Amortization of intangible assets	10,478,529.57	7,903,250.51
Amortization of long-term deferred expenses	1,455,157.51	1,571,853.84
Losses on disposal of fixed assets, intangible assets, and long-term assets (income listed with“-”)	-194,556.13	-59,272.29
Losses on write-off of fixed assets (income listed with“-”)	98,130.39	1,536,590.17
Change of fair value profit or loss	46,991,034.40	-52,398,565.78
Financial expense (income listed with“-”)	18,581,726.78	18,951,092.91
Investment loss (income listed with“-”)	-306,688,497.94	47,447,292.15
Decrease of deferred tax assets(increase listed with“-”)	9,978,391.90	-20,900,048.02
Increase of deferred tax liabilities(decrease listed with“-”)	-8,929,264.74	3,585,984.87
Decrease of inventories (increase listed with“-”)	-412,972,663.16	-324,479,019.61
Decrease of operating receivables (increase listed with“-”)	-1,052,478,135.51	-45,570,227.23
Increase of operating payables (decrease listed with“-”)	1,374,055,519.82	407,758,129.57
Others		
Net cash flows arising from operating activities	-56,247,299.36	1,518,218.37
2. Significant investment and financing activities unrelated to cash income and expenses		
Liabilities transferred to capital		
Convertible bonds within 1 year		
Financing leased fixed assets		
3. Net increase (decrease) of cash and cash equivalent		
Closing balance of cash	921,661,803.17	438,969,337.87
Less: Opening balance of cash	438,969,337.87	314,978,460.49
Add: Closing balance of cash equivalent		
Less: Opening balance of cash equivalent		
Net increase of cash and cash equivalent	482,692,465.30	123,990,877.38

(3) Net cash paid to acquisition of subsidiary

Items	Current year
Cash & cash equivalent paid for acquisition	1,010,883,060.00

Items	Current year
-Sonyo Compressor(Dalian)Co.,Ltd.	929,148,000.00
-Sonyo Refrigeration System (Dalian) Co., Ltd.	81,735,060.00
Less: Cash & cash equivalent held by acquirees on acquisition date	609,058,477.33
-Sonyo Compressor(Dalian)Co.,Ltd.	577,692,867.34
-Sonyo Refrigeration System (Dalian) Co., Ltd.	31,365,609.99
Net cash paid to acquisition of subsidiary	401,824,582.67

(4) Net cash received from subsidiary disposal

Items	Current year
Cash & cash equivalent received for disposal of subsidiary	25,888,200.00
-Ningbo Bingshan Air-conditioning Refrigeration Engineering Co., Ltd	-
-Bingshan Technology Service (Dalian) Co., Ltd.	25,888,200.00
Less: Cash & cash equivalent held by the on the date of losing control	20,624,106.10
-Ningbo Bingshan Air-conditioning Refrigeration Engineering Co., Ltd	403,914.72
-Bingshan Technology Service (Dalian) Co., Ltd.	20,220,191.38
Net cash received for disposal of subsidiary	5,264,093.90

(5) Cash and cash equivalents

Items	Current year	Last year
Cash	921,661,803.17	438,969,337.87
Including: Cash on hand	80,702.47	99,580.64
Bank deposit used for paying at any moment	921,581,100.70	438,869,757.23
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	921,661,803.17	438,969,337.87
Cash and cash equivalents restricted in the parent company or subsidiary	-	-

59. The assets with the ownership or use right restricted

Items	Current year	Reasons
Monetary fund	84,504,096.01	Guarantee money frozen fund
Notes Receivable	98,917,384.72	Pledge
Receivable financing	15,259,393.79	Pledge
Fixed asset	62,207,555.51	Pledge
Intangible asset	5,587,198.75	Pledge

Items	Current year	Reasons
Investment asset	32,981,247.79	Pledge
Total	299,456,876.57	

Note: The bank account of the company in Zhongshan Branch of Bank of China Limited has been frozen at RMB 244,790.76, mainly because this account has not been applied for online banking, resulting in the restricted use of the frozen bank account. The bank account of Dalian Bingshan Engineering & Trading Co., Ltd, a subsidiary of our company, has been frozen with 209,197.14 Yuan in Shahekou Branch of Bank of Dalian Co., Ltd., mainly due to the fact that the account used to be a social security account, but it has been turned into a long-term suspended account this year because it has been unused for a long time

Sonyo Compressor(Dalian)Co.,Ltd bank account is restricted for use of 2,000.00Yuan as ETC deposit. Dalian Bingshan Engineering & Trading Co., Ltd

The bank account of Wuhan Lanning Energy Technology Co., Ltd in Bank of China Limited Wuhan Branch is frozen due to litigations, the amount is 94,500.00Yuan.

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

Dalian Bingshan Guardian Automation Co., Ltd. pledged the bank acceptance notes to Dalian Jinpu Branch of China Merchants Bank and Industrial Bank Co.,Ltd. Dalian Branch as guarantee for issuing the bank acceptance note.

Dalian Universe Thermal Technology Co.,Ltd. pledged the bank acceptance note to China Merchants bank Dalian Branch as guarantee for issuing the bank acceptance note.

The Company's subsidiary, Dalian Bingshan Engineering & Trading Co., Ltd pledged the bank acceptance note to Dalian Kaifaqu Branch of China Merchants Bank Co.,Ltd. as guarantee for issuing the bank 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.

60. Monetary category of foreign currency

(1) Monetary category of foreign currency

Item	Closing Balance (foreign currency)	Exchange Rate	Closing Balance (RMB)
Cash			7,976,721.61
Including: USD	754,513.09	6.9646	5,254,881.87

Item	Closing Balance (foreign currency)	Exchange Rate	Closing Balance (RMB)
JPY	26,114,971.00	0.0524	1,367,327.65
Euro	182,477.48	7.4229	1,354,512.09
Accounts receivable			51,043,328.79
Including: USD	5,866,795.19	6.9646	40,859,881.78
JPY	51,868,648.00	0.0524	2,715,738.67
Euro	1,006,036.50	7.4229	7,467,708.34
Accounts payable			8,035,293.46
Including: USD	839,819.50	6.9646	5,849,006.89
GBP	37,274.28	8.3941	312,884.03
JPY	35,780,636.02	0.0524	1,873,402.54

61. Government Grants

(1) Basic information

Category	Amount	Disclosure	Amount recognized in current profit and loss
Relocation compensation	42,332,000.00	Deferred income/other income	1,114,000.00
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
Application of combined compression NH3&Co2 replace R22	29,409,622.81	Deferred income/cost of sales/expense	1,999,533.16
R290 replace R22	13,006,663.20	Deferred income	-
Ultrasonic defrosting technology	9,841,800.00	Deferred income/cost of sales/expense/other income	414,824.40
Refrigeration Compressor Intelligent Manufacturing System Fund	5,000,000.00	Deferred income/cost of sales/expense	368,769.72
R290 replace R22 twin stage screw sets	4,747,680.00	Deferred income	-
Champion in 2022	1,000,000.00	Other Income	1,000,000.00
Special fund for financing carrier	612,282.00	Other Income	612,282.00
Industrial Design Center subsidy by Dalian Bureau	600,000.00	Other Income	600,000.00

Category	Amount	Disclosure	Amount recognized in current profit and loss
of Industry and Information Technology Enterprise Technology Center subsidy by Dalian Bureau of Industry and Information Technology	500,000.00	Other Income	500,000.00
Subsidy for R&D in 2018	458,000.00	Other Income	458,000.00
Vocational skills training subsidies	394,826.00	Other Income	394,826.00
Export credit insurance premium support fund	332,100.00	Other Income	332,100.00
Digital Special fund by province	300,000.00	Other Income	300,000.00
Special skilled new enterprise reward	200,000.00	Other Income	200,000.00
High-tech enterprise recognition subsidy	200,000.00	Other Income	200,000.00
1 st Foster fund for technical business development	150,000.00	Other Income	150,000.00
International market support fund	147,752.00	Other Income	147,752.00
“size upgrade” reward	100,000.00	Other Income	100,000.00
Dalian Jinpu Finance Center-after R&D investment subsidy	90,000.00	Other Income	90,000.00
Subsidy of FY2022	50,000.00	Other Income	50,000.00
Job provider subsidy by HNT district Finance Center	40,000.00	Other Income	40,000.00
2019 fund for M&S enterprises by Commercial Bureau	36,365.00	Other Income	36,365.00
Graduate employment subsidy in Jinpu district	33,000.00	Other Income	33,000.00
Special fund by innovation center	30,000.00	Other Income	30,000.00
Refrigeration tests APP	27,500.00	Deferred income/ Other Income	7,500.00
Others	47,900.00	Other Income	47,900.00
Total	140,687,491.01	Other Income	11,780,702.43

VII. Change of Consolidation Scope

1. Business combination not under same control

(1) Business combination not under same control this year

Acquiree	Share acquisition point	Cost	(%)	Method
Sonyo Compressor(Dalian)Co.,Ltd.	2022-11-11	929,148,000.00	60.00	Purchase with agreement
Sonyo Refrigeration System (Dalian) Co., Ltd.	2022-11-11	81,735,060.00	55.00	Purchase with agreement

(continued)

Acquiree	Acquisition date	Basis for acquisition date	Revenue between acquisition date and the year end	Net profit between acquisition date and the year end
Sonyo Compressor(Dalian)Co.,Ltd.	2022-11-11	Transfer of control	194,961,546.08	14,798,780.53
Sonyo Refrigeration System (Dalian) Co., Ltd.	2022-11-11	Transfer of control	64,742,634.97	3,524,253.54

(2) Combination cost and goodwill

Item	Sonyo Compressor(Dalian)Co.,Ltd.	Sonyo Refrigeration System (Dalian) Co., Ltd.
Cash	929,148,000.00	81,735,060.00
FV of non-cash asset	-	-
FV of bond issued or undertaken	-	-
FV of equity security issued	-	-
FV of contingent consideration	-	-
FV of shareholding held prior to acquisition on acquisition date	619,432,000.00	29,721,840.00
Total of combination cost	1,548,580,000.00	111,456,900.00
Less: proportion of FV of identifiable net asset obtained	1,307,657,127.20	105,785,063.88
The difference between goodwill/cost of combination less and proportion of FV of identifiable net asset obtained	240,922,872.80	5,671,836.12

(3) Identifiable asset, liability of acquiree on acquisition date

Items	Sonyo Compressor(Dalian)Co.,Ltd.		Sonyo Refrigeration System (Dalian) Co., Ltd.	
	FV on acquisition date	FV on acquisition date	FV on acquisition date	FV on acquisition date
Assets:	1,708,920,739.48	1,497,875,893.46	580,996,035.18	574,567,097.60
Monetary funds	577,694,867.34	577,694,867.34	45,881,484.36	45,881,484.36
Accounts receivable	497,460,339.10	497,460,339.10	427,343,627.20	427,343,627.20
Prepayments	8,633,385.14	8,633,385.14	20,582,759.69	20,582,759.69
Inventory	137,165,318.48	137,165,318.48	42,091,945.53	41,118,849.14

Items	Sonyo Compressor(Dalian)Co.,Ltd.		Sonyo Refrigeration System (Dalian) Co., Ltd.	
	FV on acquisition date	FV on acquisition date	FV on acquisition date	FV on acquisition date
Long-term equity investment	35,261,687.95	33,895,538.72	-	-
Fixed assets	395,362,362.65	199,138,504.47	15,910,888.11	11,266,758.04
Construction in process	15,192,005.51	15,192,005.51	2,622,813.23	2,622,813.23
Right-of-use assets	8,509,554.21	8,509,554.21	9,872,833.82	9,872,833.82
Intangible assets	23,663,683.43	10,208,844.82	3,403,888.97	2,592,177.85
Deferred tax asset	9,793,210.25	9,793,210.25	13,409,276.32	13,409,276.32
Liability:	401,263,612.28	369,606,885.38	439,949,283.35	438,984,942.71
Accounts payable	294,750,151.17	294,750,151.17	383,039,739.74	383,039,739.74
Employee payable	47,756,322.97	47,756,322.97	21,555,327.79	21,555,327.79
Lease liability	7,835,055.16	7,835,055.16	10,508,029.25	10,508,029.25
Provision	18,216,788.28	18,216,788.28	-	-
Deferred Tax liability	31,656,726.90	-	964,340.64	-
Net asset	1,307,657,127.20	1,128,269,008.08	141,046,751.83	135,582,154.89
les : Minority interest	-	-	-	-
Net asset obtained	1,307,657,127.20	1,128,269,008.08	141,046,751.83	135,582,154.89

(4) Gain/loss on FV revaluation of shareholdings held prior to acquisition date

Acquiree	BV of Shareholding held before acquisition on acquisition date	FV of Shareholding held before acquisition on acquisition date	Gain/loss on remeasurement of Shareholding held before acquisition at FV on acquisition date
Sonyo Compressor(Dalian)Co.,Ltd.	451,307,603.23	619,432,000.00	168,124,396.77
Sonyo Refrigeration System (Dalian) Co., Ltd	27,116,430.98	29,721,840.00	2,605,409.02

(continued)

Acquiree	FV determination method of shareholding held before acquisition & main assumption on acquisition date	Investment income transferred from other comprehensive income from shareholding held before acquisition
Sonyo Compressor(Dalian)Co.,Ltd.	Adjust based on purchasing price	-
Sonyo Refrigeration System (Dalian) Co., Ltd	Adjust based on purchasing price	-

2. Disposal of subsidiary

Subsidiary	Share price	(%)	Disposal method	Point of losing control	recognition basis of losing control	Share price less % of shareholdings of net asset of respective subsidiary
Bingshan Technology Service (Dalian) Co., Ltd	25,888,200.00	100.00	sold	2022-3-1	Share transfer completion	5,568,934.31
Ningbo Bingshan Air-conditioning Refrigeration Engineering Co., Ltd	-	51.00	sold	2022-6-9	Share transfer completion	719,165.16

(continued)

Subsidiary	Remaining share percentage at the point of losing control	Carrying amount of remaining share percentage at the point of losing control	FV of remaining share percentage at the point of losing control	Gain/loss on remeasurement of remaining shareholding	FV determination method of remaining shareholding & key assumption at the point of losing control	Investment income transferred from other comprehensive income from shareholding in previous subsidiary
Bingshan Technology Service (Dalian) Co., Ltd	-	-	-	-	-	-
Ningbo Bingshan Air-conditioning Refrigeration Engineering Co., Ltd	-	-	-	-	-	-

3. Consolidation scope change from other reason

None

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
Chengdu Bingshan Refrigeration Engineering Co., Ltd.	Chengdu	Chengdu	Service	-	51.00	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 Guardian Automation Co., Ltd.	Dalian	Dalian	Manufacturing	100		Establish
Dalian Bingshan-RYOSETSU Quick Freezing Equipment Co., Ltd.	Dalian	Dalian	Manufacturing	100		Establish
Wuhan New World Refrigeration Industrial Co., Ltd.	Wuhan	Wuhan	Manufacturing	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		100	Acquisition
Dalian Universe Thermal Technology Co.,Ltd.	Dalian	Dalian	Manufacturing	55		Acquisition
Dalian Bingshan Engineering & Trading Co., Ltd	Dalian	Dalian	Service	100		Acquisition
Sonyo Compressor(Dalian)Co.,Ltd.	Dalian	Dalian	Manufacturing	100		Acquisition
Sonyo Refrigeration System (Dalian) Co., Ltd.	Dalian	Dalian	Manufacturing	100		Acquisition

- 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.Change of equity share in subsidiary which is still under control

- (1) Change of equity share in subsidiary
- (2) Effect on equity due to change of equity share

Item	Wuhan Lanning Energy Technology Co., Ltd.
Cash	-
FV of non-cash asset	-
Sum of combination cost/ disposal consideration	-
Less: share of net asset obtained based on shareholding ratio	-6,898,603.01
The difference	-6,898,603.01
Including adjustments	
capital reserve	-3,512,172.40
Surplus reserve	-
Undistributed profit	-3,386,430.61

3. 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	
Dalian Fuji Bingshan Vending Machine Co., Ltd	Dalian	Dalian	Manufacturing	49.00		Equity method
Jiangsu Jingxue Insulation Technology Co.,Ltd	Changzhou	Changzhou	Manufacturing	14.91		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 has an affiliated company, Jiangsu Jingxue Insulation Technology Co.,Ltd, which has significant influence although being held less than 20% voting rights. The Company is the shareholder of Jiangsu Jingxue Insulation Technology Co.,Ltd with over 5% shareholding.
- 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	Jiangsu Jingxue Insulation Technology Co.,Ltd	Dalian Bingshan Metal Technology Co., Ltd.
Current assets	447,012,221.67	1,357,769,579.89	331,577,731.99
Including: Cash and cash equivalents	8,768,885.75	210,766,589.69	171,454,780.42
Non-current assets	220,481,862.47	302,638,265.60	36,680,264.69
Total assets	667,494,084.14	1,660,407,845.49	368,257,996.68
Current liabilities	391,692,836.48	827,081,128.54	49,800,779.28
Non-current liabilities	49,526,450.43	29,830,925.61	-
Total liabilities	441,219,286.91	856,912,054.15	49,800,779.28
Minority interests	-	449,591.20	-
Equity to the parent company	226,274,797.23	803,046,200.14	318,457,217.40
Share of net assets according to the shareholding proportions	110,874,650.64	119,734,188.43	156,044,036.52
Adjusting events	-	-	-
—Goodwill	226,689.29	20,390,060.33	19,269,770.94
—Unrealized profits of insider trading	-	-	-
--Others	-	-	-
Book value of equity investment of affiliated companies	111,101,339.93	140,124,248.76	175,313,807.46
Fair value of equity investment with public offer	-	-	-
Operating income	175,460,421.16	902,517,681.24	433,120,778.54
Financial expense	10,357,794.72	854,477.47	-7,161,210.92
Income tax expense	-10,755.71	2,621,080.54	9,728,042.54
Net profit	2,430,819.76	39,722,362.41	62,395,419.10
Net profit of discontinuing operation			
Other comprehensive income			
Total comprehensive income	2,430,819.76	39,722,362.41	62,395,419.10
The current dividends received from joint ventures	-	4,732,344.00	23,402,022.05

(Continued)

Items	Opening balance/Last year				
	Dalian Fuji Bingshan Vending Machine Co., Ltd	Panasonic Appliances cold Chain(Dalian) Co.,Ltd	Sonyo 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
Share of net assets 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	-	-
Book value of equity	148,656,014.75	90,330,037.43	460,060,249.49	201,731,528.04	168,294,942.93

Items	Opening balance/Last year				
	Dalian Fuji Bingshan Vending Machine Co., Ltd	Panasonic Appliances cold Chain(Dalian) Co.,Ltd	Sonyo Compressor(Dalian) Co.,Ltd	Jiangsu Jingxue Insulation Technology Co.,Ltd	Dalian Bingshan Metal Technology Co., Ltd.
investment of affiliated companies					
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

(3) Summary financial information of insignificant affiliated companies

Items	Current year	Last year
Affiliated company		
Total book value of investment of affiliated companies	123,418,337.24	158,059,185.33
The total of following items according to the shareholding proportions	—	
Net profit	28,021,453.13	2,067,871.70
Other comprehensive income	-	-
Total comprehensive income	28,021,453.13	2,067,871.70

(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 2022, the Company's assets and liabilities dominated in foreign currency are listed in RMB as following:

Items	Closing Balance	Opening balance
Monetary fund-USD	5,254,881.87	2,612,773.25
Monetary fund-JPY	1,367,327.65	47,611.63
Monetary fund- EURO	1,354,512.09	-
Monetary fund-GBP	-	0.86
Receivable- GBP	-	1,465,771.99
Receivable -USD	40,859,881.78	27,126,714.76
Receivable -JPY	2,715,738.67	1,226,730.38
Receivable - EURO	7,467,708.34	-
Payables -USD	5,849,006.89	4,680,703.58
Payables - EURO	-	9,602.20
Payables -JPY	1,873,402.54	93,138.00
Payables - GBP	312,884.03	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's interest-bearing debt is borrowings of RMB 740,000,000.00 at fixed interest rate as of December 31, 2022 (borrowings of RMB 150,000,000.00 in 2021).

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 2022, based on the assumption of interest rate change of 50 BP, the Company's net

profit of current year will increase or decrease 3.7 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 2022, the top five customers of receivable accounts balance are 230,971,161.93 Yuan.

(3) Liquidity risk

Liquidity risk was referred to the risk of shortage of funds incurred when the enterprise fulfills 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, 2022, the credit limit still available is 499.50 million Yuan and short-term credit limit available is 499.50 million Yuan.

As at 31st December 2022, the Company's financial assets and financial liabilities in line with non-discounted cash flow of the contracts as following: Currency unity: 10k Yuan

Items	Within 1 year	1-2 years	2-5 years	Over 5 years	Total
Financial Assets					
Cash and cash in bank	100,616.59	-	-	-	100,616.59
Notes receivable	50,594.53	-	-	-	50,594.53
Accounts receivable	140,997.84	-	-	-	140,997.84
Financing receivable	5,879.28	-	-	-	5,879.28
Other Receivable	5,139.45	-	-	-	5,139.45
Contract asset	22,579.09	-	-	-	22,579.09
Non-current asset due within 1 year	1,571.56	-	-	-	1,571.56
Long-term receivable	-	516.25	-	-	516.25
Other noncurrent financial asset	-	-	-	14,995.09	14,995.09
Financial Liabilities	—	—	—	—	—
Short-term loan	27,405.30	-	-	-	27,405.30
Notes Payable	61,894.44	-	-	-	61,894.44
Accounts payable	158,609.81	-	-	-	158,609.81
Other payable	6,705.43	-	-	-	6,705.43
Employee's payable	11,821.67	-	-	-	11,821.67
Tax payable	3,369.15	-	-	-	3,369.15
Non-current liability due within 1 year	6,310.60	-	-	-	6,310.60
Long-term loan	-	5,040.00	54,300.00	12,170.00	71,510.00
Lease obligation	-	321.88	391.62	409.55	1,123.05
Long-term payable	-	1,825.66	1,275.30	-	3,100.96

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	-	58,792,792.70	-	58,792,792.70
Other non-current financial asset	148,267,008.72	-	1,683,852.59	149,950,861.31
Total	148,267,008.72	58,792,792.70	1,683,852.59	208,743,654.01

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, 2022.

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.

As of December 31, 2022, the book value of the share investment in Guotai Junan Investment Management Co.,Ltd and Wuhan Steel and Power Co.,Ltd is 1,683,852.59 Yuan. It is presented as other non-current financial asset in accordance with No.22- financial instrument recognition and measurement of Accounting Standards for Business Enterprises. Having considered there is 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. FV of the investment is measured at cost by taking influence factor of FV into consideration.

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. Controlling shareholder and ultimate controller

(1) Controlling shareholder 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 includes 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 shareholder	Shareholding amount		Ratio of shareholding (%)	
	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. 3.(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
Keinin-Grand Ocean Thermal Technology (Dalian) Co., Ltd.	Affiliated company of the Company
Dalian Fuji Bingshan Vending Machine 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
MHI Bingshan Refrigeration (Dalian) Co.,Ltd.	Affiliated company of the Company
Dalian Honjo Chemical 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
Beijing Huashang Bingshan Refrigeration and Air-conditioning Machinery Co., Ltd.	Affiliated company between Jan.2022 and Nov.2022
Panasonic Appliances cold Chain(Dalian)Co.Ltd.	Affiliated company between Jan.2022 and Nov.2022
Sonyo Compressor(Dalian)Co.,Ltd.	Affiliated company between Jan.2022 and Oct.2022
Sonyo Refrigeration System (Dalian) Co., Ltd.	Affiliated company between Jan.2022 and Oct.2022
Dalian Jingxue Freezing Equipment Co., Ltd.	Subsidiary of its affiliated company
Shanghai Jingxue Freezing Equipment Co., Ltd.	Subsidiary of its affiliated company
Jiangsu Jingxue Insulation Environmental Engineering Co.,Ltd.	Subsidiary of its affiliated company
Wuhan Sikafu Power Control Equipment Co., Ltd.	Affiliated company of its subsidiary

4. Other related parties

Name of related party	Related party relationship
Company under direct/indirect Control of Panasonic Co.,Ltd	Both parties are under the control of or significant influence by the same party
Sanyo Corporation	Both parties are under the control of or significant influence by the same party
Panasonic Corporation of China Co., Ltd	Directors of the Company also serve as directors
Dalian Spindle Environmental Facilities Co., Ltd.	Affiliated company of Dalian Bingshan Group
LINDE HYDROGEN FUELTECH (DALIAN) CO., LTD.	Affiliated company of Dalian Bingshan Group
Dalian Shentong Electric Co., Ltd.	Affiliated company of Dalian Bingshan Group
Dalian Fuji Bingshan Control System Co., Ltd.	Affiliated company of Dalian Bingshan Group
BAC Dalian Co., Ltd.	Affiliated company of Dalian Bingshan Group
Dalian Bingshan Huigu Development Co., Ltd.	Joint Venture of Dalian Bingshan Group
Dalian Bingshan Part Technology Co.,LTD.	Subsidiary of Dalian Bingshan Group
Alphavita Bio-scientific (Dalian) Co., Ltd.	Subsidiary of Dalian Bingshan Group
Bingshan Technology Service (Dalian) Co., Ltd.	Subsidiary of Dalian Bingshan Group
Dalian Kaierwen Science Co.,Ltd.	Subsidiary of Dalian Bingshan Group's Subsidiary(deregistered)
Dalian Zhonghuida Refrigeration Technology Co., Ltd	Directors and senior officers of the Company serve as directors and senior officers in Dalian Zhonghuida Refrigeration Technology Co., Ltd Company

Note: Companies under direct/indirect Control of Panasonic Co.,Ltd are Panasonic Procurement(CHINA)Co.,Ltd, Panasonic Home Appliances Air-Conditioning(Guangzhou)Co.,Ltd, Panasonic Appliances Air-Conditioning and Refrigeration(Dalian)Co.,Ltd, Panasonic Appliances cold Chain(Dalian)Co.Ltd(December 2022), Panasonic Wanbao(Guangzhou) Compressor Co.,Ltd, Panasonic Industry (China) Co., Ltd, Panasonic Electronic Devices(Jiangmen)Co.,Ltd, Panasonic R&D Center Suzhou Co.,Ltd Dalian Branch, Beijing 2nd Branch of Panasonic Electric Equipment (China) Co.,Ltd, Panasonic Electric Taiwan Co.,Ltd, Panasonic Corporation, Panasonic Industry Sales Asia, Panasonic Do Brasil Limitada-Miam, Panasonic Automotive & Industrial, Panasonic Appliances Air-Conditioning, Panasonic Industrial Devices Sales, Panasonic Industry Europe GmbH, Panasonic Life Solutions India, Panasonic Taiwan Co.,Ltd., Panasonic Commercial Equipment Systems Asia Pacific, Panasonic Sales Taiwan Co.,Ltd, Panasonic Appliances Air-Conditioning Malaysia Sdn.BHD, Panasonic Commercial Equipment Systems Taiwan Co.Ltd, Panasonic India Pvt Ltd (APIN)

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
BAC Dalian Co., Ltd.	Purchases of goods	32,827,251.97	26,483,606.45
Company under direct/indirect Control of Panasonic Co.,Ltd	Purchases of goods	24,447,037.82	-
Dalian Bingshan Part Technology Co.,LTD.	Purchases of goods	10,938,171.74	4,288,651.47
Dalian Bingshan Metal Technology Co.,Ltd.	Purchases of goods	10,017,493.41	61,988.75
Dalian Shentong Electric Co., Ltd.	Purchases of goods	9,480,036.79	-
Jiangsu Jingxue Insulation Technology Co.,Ltd.	Purchases of goods	5,390,801.78	34,088,451.31
Sonyo Refrigeration System (Dalian) Co., Ltd.	Purchases of goods	4,947,268.89	8,212,752.63
Bingshan Technology Service (Dalian) Co., Ltd.	Purchases of goods	2,047,836.64	-
Dalian Fuji Bingshan Control System Co., Ltd.	Purchases of goods	1,718,811.27	-
Dalian Spindle Environmental Facilities Co., Ltd	Purchases of goods	1,407,486.73	1,895,034.78
Dalian Fuji Bingshan Vending Machine Co., Ltd	Purchases of goods	753,944.37	2,018,187.51
Sonyo Compressor(Dalian)Co.,Ltd.	Purchases of goods	429,782.52	236,234.00
Bingshan Technology Service (Dalian) Co., Ltd.	Receive labour services	303,037.68	-
Dalian Honjo Chemical Co., Ltd	Purchases of goods	140,522.12	152,920.35
Panasonic Appliances cold Chain(Dalian)Co.Ltd	Purchases of goods	135,529.36	8,274,236.08
Dalian Bingshan Huigu Development Co., Ltd.	Purchases of goods	100,943.39	1,154,661.47
Dalian Fuji Bingshan Vending Machine Sales Co., Ltd	Purchases of goods	78,761.06	330,309.73
Shanghai Jingxue Freezing Equipment Co., Ltd	Purchases of goods	19,584.07	-
Dalian Bingshan Group Co., Ltd.	Receive labour services	18,792.45	27,471.70
Dalian Bingshan Group Refrigeration Equipment Co., Ltd	Purchases of goods	-	44,236,639.71
Panasonic Refrigeration (Dalian) Co., Ltd	Purchases of goods	-	5,942,676.17
Dalian Kaierwen Science Co.,Ltd	Purchases of goods	-	2,488,250.00
Total		105,203,094.06	139,892,072.11

(2) Sales of goods/ labour services provision

Related party	Content	Current year	Last year
Company under direct/indirect Control of Panasonic Co.,Ltd	Sales of goods	147,935,120.42	-
Panasonic Appliances cold Chain(Dalian)Co.Ltd	Sales of goods	122,871,855.60	127,490,433.60
BAC Dalian Co., Ltd	Sales of goods	65,002,512.47	54,676,218.06
Sonyo Compressor(Dalian)Co.,Ltd.	Sales of goods	41,055,441.71	28,338,724.95

Related party	Content	Current year	Last year
Bingshan Technology Service (Dalian) Co., Ltd.	Sales of goods	40,641,988.78	-
Sonyo Refrigeration System (Dalian) Co., Ltd.	Sales of goods	23,645,169.22	35,590,082.15
Dalian Bingshan Group Huahuida Financial Leasing Co., Ltd	Sales of goods	18,888,460.18	22,747,787.61
Dalian Fuji Bingshan Vending Machine Co., Ltd	Sales of goods	18,327,608.54	19,081,218.00
Alphavita Bio-scientific (Dalian) Co., Ltd.	Sales of goods	9,532,891.46	2,820,207.93
MHI Bingshan Refrigeration (Dalian) Co.,Ltd.	Sales of goods	5,537,667.76	16,781,616.57
Dalian Spindle Environmental Facilities Co., Ltd	Sales of goods	3,240,535.34	7,572,022.06
Jiangsu Jingxue Insulation Technology Co.,Ltd	Sales of goods	2,524,416.77	-
Dalian Bingshan Part Technology Co.,LTD	Sales of goods	1,395,237.01	452,182.08
Linde Hydrogen Fueltech (Dalian) Co., Ltd	Sales of goods	1,309,485.55	2,097,847.50
Dalian Fuji Bingshan Control System Co., Ltd.	Sales of goods	654,160.22	297,951.75
Dalian Shentong Electric Co., Ltd	Sales of goods	522,107.10	-
Dalian Bingshan Huigu Development Co., Ltd.	Sales of goods	323,553.82	8,376,384.88
Dalian Jingxue Freezing Equipment Co., Ltd	Sales of goods	102,957.82	1,099,672.68
Dalian Honjo Chemical Co., Ltd	Sales of goods	91,981.13	-
Panasonic Refrigeration (Dalian) Co., Ltd.	Sales of goods	-	43,839,502.05
Keinin-Grand Ocean Thermal Technology (Dalian) Co., Ltd	Sales of goods	-	-309,481.22
Dalian Bingshan Group Refrigeration Equipment Co., Ltd	Sales of goods	-	3,876,812.87
Beijing Huashang Bingshan Refrigeration and Air-conditioning Machinery Co., Ltd	Sales of goods	-	-41,476.27
Wuhan Sikafu Power Control Equipment Co., Ltd	Sales of goods	-	2,831.86
Total		503,603,150.90	374,790,539.11

2. Assets Lease

(1) Assets rent out

Lessee	Category of assets rent out	Current year Lease Income	Last year Lease Income
Dalian Bingshan Huigu Development Co., Ltd.	Land/property	8,189,918.99	8,190,302.14
MHI Bingshan Refrigeration (Dalian) Co.,Ltd.	Plant	3,809,523.80	3,809,523.80
Linde Hydrogen Fueltech (Dalian) Co., Ltd	Plant	2,759,026.37	-

Lessee	Category of assets rent out	Current year Lease Income	Last year Lease Income
Dalian Jingxue Freezing Equipment Co., Ltd.	Plant and office	858,322.40	1,005,111.44
Wuhan Sikafu Power Control Equipment Co., Ltd	Plant	730,954.13	308,074.95
Bingshan Technology Service (Dalian) Co., Ltd.	Plant	443,699.06	-
Company under direct/indirect Control of Panasonic Co.,Ltd	Plant	336,180.42	
Dalian Bingshan Group Co., Ltd.	Office	132,110.09	132,110.09
Panasonic Appliances cold Chain(Dalian)Co.Ltd	Employee dormitory	3,465,470.95	37,577.98
Sonyo Compressor(Dalian)Co.,Ltd	Employee dormitory	-	91,428.56
Panasonic Refrigeration (Dalian) Co., Ltd	Employee dormitory		49,321.09

(2) Assets under lease

Lessor	Category of assets rent in	Lease premium paid	
		Current year	Last year
Dalian Bingshan Group Huahuida Financial Leasing Co., Ltd	Fixed asset	28,659,750.85	22,918,173.13

(Continued)

Lessor	Interests on lease liabilities		Increased right-of-use assets	
	Current year	Last year	Current year	Last year
Dalian Bingshan Group Huahuida Financial Leasing Co., Ltd	698,321.11	1,217,094.64	-26,150,305.01	-77,007.29

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. 31 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	160,000,000.00	2016.03.14	2026.03.13	Project fund investment
Dalian Bingshan Group Huahuida	Take in	32,833,000.00	2022.10.15	2024.09.15	Factoring

Financial Leasing Co.,Ltd					
Dalian Bingshan Group Huahuida Financial Leasing Co.,Ltd	Take in	12,000,000.00	2022.01.07	2025.01.06	Sale and leaseback
Dalian Bingshan Group Huahuida Financial Leasing Co.,Ltd	Take in	13,805,309.73	2021.11.15	2026.11.15	Sale and leaseback
Dalian Bingshan Group Huahuida Financial Leasing Co.,Ltd	Take in	10,000,000.00	2021.06.01	2024.05.01	Factoring
Dalian Bingshan Group Huahuida Financial Leasing Co.,Ltd	Take in	8,619,474.00	2021.02.15	2023.01.15	Factoring
Dalian Bingshan Group Huahuida Financial Leasing Co.,Ltd	Take in	5,481,000.00	2022.06.20	2024.06.10	Factoring
Dalian Bingshan Group Huahuida Financial Leasing Co.,Ltd	Take in	5,063,480.54	2021.08.15	2023.07.15	Factoring
Dalian Bingshan Group Huahuida Financial Leasing Co.,Ltd	Take in	2,145,251.09	2021.06.15	2024.05.15	Sale and leaseback

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 160 million Yuan in total, the loan interest is fixed interest rate at 1.2% annual rate and paid interest 1,852,000Yuan for this year.

5. Asset transfer and debt restructuring among the related parties

Item	Transaction	Current year	Last year
Dalian Bingshan Group Co.,Ltd	Sold shareholdings of subsidiary	14,756,300.00	
Dalian Zhonghuida Refrigeration Technology Co., LTD	Sold shareholdings of subsidiary	6,472,000.00	
Panasonic Corporation of China Co., Ltd	Sold shareholdings of affiliated company	70,990,000.00	
Panasonic Corporation of China Co., Ltd	Purchase shareholdings of affiliated company	44,582,760.00	
Panasonic Appliances cold	Purchase shareholdings of	37,152,300.00	

Item	Transaction	Current year	Last year
Chain(Dalian)Co.Ltd	affiliated company		
Sanyo Corporation	Purchase shareholdings of affiliated company	929,148,000.00	
Dalian Zhonghuida Refrigeration Technology Co., LTD	Purchase shareholdings of affiliated company	-	45,400,000.00
Total		1,103,101,360.00	45,400,000.00

The 2nd meeting of the 9th generation of board was held on 21st January 2022 and approved to sell 100% of shareholding of Bingshan Technical Service (Dalian) Co.,Ltd to Dalian Bingshan Group, Dalian Zhonghuida Refrigeration Technology Co., Ltd, Dalian Zhixintong Enterprise Management Partnership (Limited partnership) at 25.8882 million Yuan, which is based on the evaluated net asset as of October 31, 2021. 57% of shareholdings of Bingshan Technical Service (Dalian) Co.,Ltd was transferred to Dalian Bingshan Group at price of 14.7563 million Yuan, 25% of shareholdings of Bingshan Technical Service (Dalian) Co.,Ltd was transferred to Dalian Zhonghuida Refrigeration Technology Co., Ltd at price of at a price of 6.472million Yuan and 18% of of shareholdings of Bingshan Technical Service (Dalian) Co.,Ltd was transferred to Dalian Zhixintong Enterprise Management Partnership (Limited partnership) at price of at a price of 4.6599million Yuan.

On November 19, 2022, the 11th meeting of the 9th directors' meeting approved the transfer of 40% of the shareholdings of Panasonic Appliances cold Chain(Dalian)Co.Ltd to Panasonic Corporation of china Co., Ltd. The share transfer price is based on the assessed value of Panasonic Appliances cold Chain(Dalian)Co.Ltd's net assets as of September 30, 2022, and the transfer price is 70,990,000.00 Yuan. After the transaction, the company no longer holds the shareholdings of Panasonic Appliances cold Chain(Dalian)Co.Ltd.

On September 27, 2022, the 8th meeting of the 9th directors' meeting approved the purchase of 60% of the shareholdings of Sonyo Compressor(Dalian)Co.,Ltd from Sanyo Electric(China)Co.,Ltd, and negotiated with Sanyo Electric(China)Co.,Ltd to determine the share transfer consideration of 929,148,000.00 Yuan based on the assessed value of acquiree's net assets on May 31, 2022. After the transaction, Sonyo Compressor(Dalian)Co.,Ltd was changed to a subsidiary of the Company. The directors' meeting also approved the purchase of 30% of shareholdings of Sonyo Refrigeration System (Dalian) Co., Ltd. from Panasonic Corporation of china Co., LTD and 25% shareholdings of Sonyo Refrigeration System (Dalian) Co., Ltd from Panasonic Appliances cold Chain(Dalian)Co.Ltd, and negotiated with Panasonic Corporation of china Co., LTD and Panasonic Appliances cold Chain(Dalian)Co.Ltd to determine the share transfer consideration of 81,735,060.00 Yuan based on the assessed value of respective acquiree's net assets on May 31, 2022. After the transaction, Sonyo Refrigeration System (Dalian) Co., Ltd was changed to a subsidiary of the Company.

6. Management Remuneration

Item	Current year	Last year
Total remuneration	4,895,800.00	3,711,500.00

7. Other transactions among the related parties

On September 27, 2022, the 8th meeting of the 9th directors' meeting approved the purchase of 60% of the shareholdings of Sonyo Compressor(Dalian)Co.,Ltd from Sanyo Electric(China)Co.,Ltd, and negotiated with Sanyo Electric(China)Co.,Ltd to determine the share transfer consideration of 929,148,000.00 Yuan based on the assessed value of acquiree's net assets on May 31, 2022. After the transaction, Sonyo Compressor(Dalian)Co.,Ltd was changed to a subsidiary of the Company. The directors' meeting also approved the purchase of 30% of shareholdings of Sonyo Refrigeration System (Dalian) Co., Ltd. from Panasonic Corporation of china Co., LTD and 25% shareholdings of Sonyo Refrigeration System (Dalian) Co., Ltd from Panasonic Appliances cold Chain(Dalian)Co.Ltd, and negotiated with Panasonic Corporation of china Co., LTD and Panasonic Appliances cold Chain(Dalian)Co.Ltd to determine the share transfer consideration of 81,735,060.00 Yuan based on the assessed value of respective acquiree's net assets on May 31, 2022. After the transaction, Sonyo Refrigeration System (Dalian) Co., Ltd was changed to a subsidiary of the Company.

On November 19, 2022, the 11th meeting of the 9th directors' meeting approved the transfer of 40% of the shareholdings of Panasonic Appliances cold Chain(Dalian)Co.Ltd to Panasonic Corporation of china Co., Ltd. The share transfer price is based on the assessed value of Panasonic Appliances cold Chain(Dalian)Co.Ltd's net assets as of September 30, 2022, and the transfer price is 70,990,000.00 Yuan. After the transaction, the company no longer holds the shareholdings of Panasonic Appliances cold Chain(Dalian)Co.Ltd.

iii. Balances with Related party

1.Accounts receivable due from related parties

Item	Related party	Closing Balance	
		Book Balance	Bad debt Provision
Accounts receivable	Company under direct/indirect Control of Panasonic Co.,Ltd	145,605,125.57	11,219,927.46
Accounts receivable	BAC Dalian Co., Ltd	17,739,655.64	1,245,323.82
Accounts receivable	Dalian Fuji Bingshan Vending Machine Co., Ltd	7,292,421.55	548,862.49

Item	Related party	Closing Balance	
		Book Balance	Bad debt Provision
Accounts receivable	Bingshan Technology Service (Dalian) Co., Ltd.	5,804,599.87	426,864.25
Accounts receivable	MHI Bingshan Refrigeration (Dalian) Co.,Ltd.	3,981,739.22	279,518.10
Accounts receivable	Dalian Bingshan Part Technology Co.,LTD	2,426,739.72	250,341.12
Accounts receivable	Dalian Bingshan Group Huahuida Financial Leasing Co., Ltd	2,411,867.26	169,313.08
Accounts receivable	Alphavita Bio-scientific (Dalian) Co., Ltd.	1,224,109.36	85,932.48
Accounts receivable	Dalian Bingshan Huigu Development Co., Ltd.	1,139,243.27	255,895.91
Accounts receivable	Linde Hydrogen Fueltech (Dalian) Co., Ltd	841,284.21	59,058.15
Accounts receivable	Dalian Spindle Environmental Facilities Co., Ltd	750,121.11	52,658.50
Accounts receivable	Dalian Fuji Bingshan Control System Co., Ltd.	550,800.00	49,630.32
Accounts receivable	Dalian Shentong Electric Co., Ltd	94,897.33	6,661.79
Contract asset	Company under direct/indirect Control of Panasonic Co.,Ltd	1,982,037.10	612,603.41
Contract asset	Dalian Bingshan Huigu Development Co., Ltd.	109,569.10	19,340.79
Prepayment	Dalian Shentong Electric Co., Ltd	8,402,006.53	-
Prepayment	Company under direct/indirect Control of Panasonic Co.,Ltd	3,825,488.41	-
Prepayment	Bingshan Technology Service (Dalian) Co., Ltd.	825,789.25	-
Prepayment	Dalian Bingshan Group Huahuida Financial Leasing Co., Ltd	308,310.02	-
Prepayment	BAC Dalian Co., Ltd	58,513.00	-
Prepayment	Dalian Spindle Environmental Facilities Co., Ltd	36,455.00	-
Other receivable	Dalian Fuji Bingshan Vending Machine Co., Ltd	278,020.00	10,175.53
Other receivable	Bingshan Technology Service (Dalian) Co., Ltd.	100,000.00	69,410.00

(Continued)

Item	Related party	Opening Balance	
		Book Balance	Bad debt Provision
Accounts receivable	Panasonic Appliances cold Chain(Dalian)Co.Ltd	37,390,849.92	2,624,837.66
Accounts receivable	BAC Dalian Co., Ltd	12,548,585.90	880,910.73

Item	Related party	Opening Balance	
		Book Balance	Bad debt Provision
Accounts receivable	Beijing Huashang Bingshan Refrigeration and Air-conditioning Machinery Co., Ltd	10,125,260.53	6,110,824.22
Accounts receivable	Panasonic Refrigeration (Dalian) Co., Ltd	6,861,805.71	481,698.76
Accounts receivable	Dalian Fuji Bingshan Vending Machine Co., Ltd	5,656,023.33	398,096.17
Accounts receivable	Sonyo Refrigeration System (Dalian) Co., Ltd.	4,963,341.40	348,426.57
Accounts receivable	Sonyo Compressor(Dalian)Co.,Ltd.	4,021,698.75	282,323.25
Accounts receivable	Dalian Spindle Environmental Facilities 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	Alphavita Bio-scientific (Dalian) Co., Ltd.	1,164,159.66	81,724.01
Accounts receivable	Dalian Bingshan Huigu Development Co., Ltd.	439,268.00	63,813.46
Accounts receivable	Dalian Fuji Bingshan Control System Co., Ltd.	175,200.00	12,299.04
Contract asset	Sonyo Refrigeration System (Dalian) Co., Ltd.	166,000.00	27,788.40
Contract asset	Panasonic Refrigeration (Dalian) Co., Ltd	11,000.00	772.2
Contract asset	Dalian Bingshan Group Refrigeration Equipment Co., Ltd	-	12,555.00
Prepayment	Panasonic Refrigeration (Dalian) Co., Ltd	3,161,000.00	-
Prepayment	Sonyo Refrigeration System (Dalian) Co., Ltd.	2,225,656.57	-
Prepayment	BAC Dalian Co., Ltd	1,607,378.00	-
Prepayment	Dalian Bingshan Group Huahuida Financial Leasing Co., Ltd	951,659.80	-
Prepayment	Dalian Spindle Environmental Facilities Co., Ltd	341,215.00	-
Receivable financing	Panasonic Appliances cold Chain(Dalian)Co.Ltd	18,720,000.00	-
Receivable financing	BAC Dalian Co., Ltd	7,341,688.27	-
Receivable financing	Sonyo Refrigeration System (Dalian) Co., Ltd.	4,197,610.38	-
Receivable financing	Dalian Fuji Bingshan Vending Machine Co., Ltd	2,060,929.41	-
Receivable financing	Panasonic Refrigeration (Dalian) Co., Ltd	242,878.69	-
Other receivable	Wuhan Sikafu Power Control Equipment Co., Ltd	148,423.28	6,189.25
Other receivable	Panasonic Appliances cold Chain(Dalian)Co.Ltd	18,079.63	753.92

2. Accounts Payable due from Related Party

Item	Related party	Closing Balance	Opening Balance
Accounts Payable	Jiangsu Jingxue Insulation Technology Co.,Ltd	68,660,038.43	4,512,235.92
Accounts Payable	BAC Dalian Co., Ltd	20,678,948.10	11,326,144.36
Accounts Payable	Dalian Bingshan Metal Technology Co.,Ltd	14,347,841.71	70,047.29
Accounts Payable	Company under direct/indirect Control of Panasonic Co.,Ltd	10,591,357.69	-
Accounts Payable	Dalian Bingshan Part Technology Co.,LTD	7,264,112.80	3,921,294.33
Accounts Payable	Jiangsu Jingxue Insulation Environmental Engineering Co.,Ltd	2,896,300.00	-
Accounts Payable	Dalian Fuji Bingshan Control System Co., Ltd.	1,942,256.73	-
Accounts Payable	Dalian Shentong Electric Co., Ltd	1,396,176.88	
Accounts Payable	Dalian Spindle Environmental Facilities Co., Ltd	1,247,400.00	1,160,849.00
Accounts Payable	Bingshan Technology Service (Dalian) Co., Ltd.	282,405.30	-
Accounts Payable	Panasonic Appliances cold Chain(Dalian)Co.Ltd	-	187,071.99
Accounts Payable	Panasonic Refrigeration (Dalian) Co., Ltd	-	1,350,094.85
Accounts Payable	Dalian Kaierwen Science Co.,Ltd	-	128,750.00
Accounts Payable	Dalian Bingshan Group Refrigeration Equipment Co., Ltd		18,626,438.61
Accounts Payable	Dalian Fuji Bingshan Vending Machine Sales Co., Ltd	-	145,500.00
Accounts Payable	Sonyo Refrigeration System (Dalian) Co., Ltd.	-	17,401,521.28
Accounts Payable	Sonyo Compressor(Dalian)Co.,Ltd.	-	1,785,651.94
Other payable	Company under direct/indirect Control of Panasonic Co.,Ltd	4,502,046.38	-
Other payable	Jiangsu Jingxue Insulation Technology Co.,Ltd	666,864.48	70,000.00
Other payable	MHI Bingshan Refrigeration (Dalian) Co.,Ltd.	170,000.00	170,000.00
Other payable	Dalian Jingxue Freezing Equipment Co., Ltd	70,000.00	-
Other payable	Dalian Bingshan Group Huahuida Financial Leasing Co., Ltd	1,172.61	-
Other payable	Dalian Fuji Bingshan Vending Machine Sales Co., Ltd	-	268,500.00
Other payable	Panasonic Refrigeration (Dalian) Co., Ltd	-	19,500.00
Contract liability	Dalian Bingshan Group Huahuida Financial Leasing Co., Ltd	4,206,191.86	-

Item	Related party	Closing Balance	Opening Balance
Contract liability	Linde Hydrogen Fueltech (Dalian) Co., Ltd	2,274,454.09	
Contract liability	Company under direct/indirect Control of Panasonic Co.,Ltd	1,299,686.95	-
Contract liability	Dalian Spindle Environmental Facilities Co., Ltd	736,424.50	-
Contract liability	Panasonic Appliances cold Chain(Dalian)Co.Ltd	-	1,819,735.06
Contract liability	Sonyo Refrigeration System (Dalian) Co., Ltd.	-	1,410,975.05
Contract liability	Panasonic Refrigeration (Dalian) Co., Ltd	-	2,831.86
Contract liability	Wuhan Sikafu Power Control Equipment Co., Ltd	-	76,228.67
Notes Payable	BAC Dalian Co., Ltd	-	3,932,858.40
Notes Payable	Dalian Bingshan Group Refrigeration Equipment Co., Ltd	-	7,377,503.92
Notes Payable	Dalian Honjo Chemical Co., Ltd	-	172,800.00
Notes Payable	Dalian Bingshan Part Technology Co.,Ltd	-	880,000.00
Notes Payable	Jiangsu Jingxue Insulation Technology Co.,Ltd	-	492,450.00
Notes Payable	Panasonic Appliances cold Chain(Dalian)Co.Ltd	-	1,657,321.00
Notes Payable	Dalian Spindle Environmental Facilities Co., Ltd	-	1,517,200.00
Other current liability	Dalian Bingshan Group Huahuida Financial Leasing Co., Ltd	546,804.94	-
Other current liability	Company under direct/indirect Control of Panasonic Co.,Ltd	130,044.39	-
Other current liability	Dalian Spindle Environmental Facilities Co., Ltd	81,006.69	
Lease payable	Dalian Bingshan Group Huahuida Financial Leasing Co., Ltd	983,501.51	4,055,686.70
Non-current liability due within 1 year	Dalian Bingshan Group Huahuida Financial Leasing Co., Ltd	34,388,781.83	25,727,284.78
Long term payable	Dalian Bingshan Group Huahuida Financial Leasing Co., Ltd..	31,009,644.16	23,543,375.62

iv. Related Party Commitment

None

v. Others

None

XII. Share-Based Payment

None

XIII. Contingency

1. Up to December 31, 2022, guarantee obligations undertaken by the Company due to financial leasing.

The Company sold refrigerating house equipment to Guizhou Pubu Cold Chain Food Investment Co.,Ltd (“Pubu Cold Chain”) in the form of financial leasing. 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 2022, the balance of the guarantee obligation of the financial lease is RMB 15,390,200Yuan.

The Company sold water chiller and heat pump to Shandong Jiechuang Energy Technology Co.,Ltd (“Shandong Jiechuang”) in the form of financial lease. The Company as a seller signed finance lease contract with Huahuida as a buyer as well as a lessor and Shandong Jiechuang as a lessee. The contract price is 6.998million Yuan. Shandong Jiechuang had made 10% down payment, and remaining 6.2982million Yuan is underlined the leasing contract amount. 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. Shandong Jiechuang 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 financial lease. As at 31 December 2022, the balance of the guarantee obligation of the financial lease is RMB 6,840,500Yuan.

The Company sold refrigerating house equipment to Liuyang Zhongjie Technology Investment Co.,Ltd (“Liuyang Zhongjie”) in the form of financial lease. The Company as a seller signed finance lease contract with Huahuida as a buyer as well as a lessor and Liuyang Zhongjie as a lessee. The contract price is 9.831million 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. Liuyang Zhongjie 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 financial lease. As at 31 December, 2022, the balance of the guarantee obligation of the financial lease is RMB 7.9839million Yuan.

Until 31 December, 2022, the balance of all guarantee obligation of the financial lease is RMB 30,214,600 Yuan. There is no situation where the Company needs to undertake the liability as

the lessees' default.

2. In April, 2020, Dalian Ruixing Iron Core Manufacturing Co.,Ltd("Dalian Ruixing") sued the Company's subsidiary, Sonyo Compressor(Dalian)Co.,Ltd for not fulfilling the purchase contract signed. Sonyo Compressor(Dalian)Co.,Ltd made a provision of 18,263,806.71Yuan based on the legal advice. In March 2021, Dalian Ruixing formally filed a lawsuit, the amount of litigation is 13,691,985.28 yuan. As of December 31, 2022, no final judgment has been issued, and Songyang Compressor made a provision of 13,691,985.28 yuan

As at 31 December 2022, The Company does not have any other contingencies for disclosure apart from the above matters.

XIV. Commitment

As at 31 December 2022, The Company does not have any other significant commitments.

XV. Events after the Balance Sheet Date

1. Unadjusted significant events

None

2. Information about profit distribution

Item	Content
Planned profit/ dividend distribution	8,432,125.07
Profit/dividend approved for distribution declaration	The 13 th meeting of the 9 th generation of board was held on 25 th April 2023 and approved the profit distribution policy for the year of 2022, 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

There is no significant debt restructuring during the year.

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 generate 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 thousand Yuan

Items	Northeast China	Central China	East China	Offset	Total
1 Operating income	329,753.07	28,130.51	129.51	-68,704.56	289,308.53
2 Cost	296,064.78	26,170.39	133.34	-68,615.63	253,752.88
Impairment loss on assets	-6,131.98	-981.34	-	-369.26	-7,482.58
Impairment loss on credit	-5,810.30	-963.12	-	-1,496.12	-8,269.54
Depreciation and amortization	8,967.14	828.02	-	93.90	9,889.06
3 Investment income from associates and joint venture	-3,690.95	43.28	-	-74.22	-3,721.89
4 Operating profits(loss)	6,520.71	-4,104.45	-105.48	-216.42	2,094.36
5 Income tax	382.15	-4.71	-	-271.99	105.45
6 Net profit(loss)	6,138.56	-4,099.74	-105.48	55.57	1,988.91
7 Total assets	984,351.64	50,918.56	-	-275,076.66	760,193.54
8 Total liabilities	491,012.20	40,409.64	-	-77,255.19	454,166.65

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	%	
Bad debt provision on individual basis					
Bad debt provision on group	737,611,736.89	100.00	107,657,087.39	14.60	629,954,649.50
(1) Accounting age as characters	388,615,076.25	52.69	107,657,087.39	27.70	280,957,988.86
(2) Related party within consolidation scope	348,996,660.64	47.31	-	-	348,996,660.64
Total	737,611,736.89	100.00	107,657,087.39	14.60	629,954,649.50

(Continued)

Item	Opening Balance				Booking balance
	Booking balance		Provision		
	Amount	%	Amount	%	
Bad debt provision on individual basis					
Bad debt provision on group	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
Total	490,329,366.12	100.00	81,610,090.34	16.64	408,719,275.78

1) No individual bad debt provisions this year.

2) Bad debt provisions on group basis is accrued under accounting aging analysis method:

Aging	Closing Balance		
	Accounts receivable	Provision for bad debts	Drawing Proportion (%)
Within 1 year	187,416,105.23	13,156,610.59	7.02
1-2 years	71,782,073.34	12,016,319.08	16.74
2-3 years	56,755,645.42	17,497,765.48	30.83
3-4 years	3,330,453.62	1,642,912.77	49.33
4-5 years	21,498,453.03	15,511,133.86	72.15
Over 5 years	47,832,345.61	47,832,345.61	100.00
Total	388,615,076.25	107,657,087.39	-

(2) Bad debt provision

Aging	Closing Balance
Within 1 year	536,467,765.87
1-2 years	71,727,073.34
2-3 years	56,755,645.42
3-4 years	3,330,453.62
4-5 years	21,498,453.03
Over 5 years	47,832,345.61
Total	737,611,736.89

(3) Bad debt provision

Category	Opening balance	Change during the year				Closing Balance
		Accrued	Collected/ reversed	Written-off	Other	
Bad debt provision	81,610,090.34	27,759,518.59		1,714,782.00	2,260.46	107,657,087.39
Total	81,610,090.34	27,759,518.59		1,714,782.00	2,260.46	107,657,087.39

(4) Accounts receivable written off in current period.

Item	Written off amount
Receivable actually written off	1,714,782.00

Key debtors written off

Company name	Nature	Amount	Reason	Procedures	Related party
Anyang ZHongpin Food Industry Co.,Ltd.	Trade receivable	1,620,000.00	bankruptcy and Insolvency	CEO approval	N
Petro China Company Limited Urumqi Branch	Trade receivable	43,800.00	Receivable deduction due to site matter	CEO approval	N
Henan Energy and Chemical Industry Group Guolong Logistics Co.,Ltd	Trade receivable	35,000.00	going concern and unable to pay	CEO approval	N
Zhejiang Jiahua Energy Chemical Industry Co.,Ltd.	Trade receivable	11,180.00	Site repair	CEO approval	N
Shandong Silver Embellish Biological Chemical Co.,Ltd.	Trade receivable	4,802.00	Site repair	CEO approval	N
Total	—	1,714,782.00	—	—	—

(5) Based on closing balance ranking, sum of the top five significant debtors are 114,653,244.00 Yuan, representing 15.54% of total receivables at the year end. 41,874,847.01 Yuan bad debt provision is provided respectively.

2. Other Receivables

Item	Closing Balance	Opening Balance
Interest receivable		
Dividend receivable	-	25,100,920.84
Other receivable	36,021,805.53	29,121,904.34

Total	36,021,805.53	54,222,825.18
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2.1 Dividend receivable

Item	Closing Balance	Opening Balance
Bingshan Technology Service (Dalian) Co., Ltd		24,148,920.84
Guotai Junan Securities		952,000.00
Total		25,100,920.84

2.2 Other receivable

(1) The category of other receivables

Items	Closing Balance	Opening Balance
Receivables and payables	22,444,622.16	20,112,243.72
Deposits	13,733,003.58	10,466,237.65
Petty cash	589,402.48	344,848.03
Total	36,767,028.22	30,923,329.40

(2) The bad debt provision of other receivable

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	602,860.06	-	1,198,565.00	1,801,425.06
Opening balance during the year	—	—		—
--transfer to the 2 nd stage				
--transfer to the 3 rd stage	-98,565.00	-	98,565.00	-
--reverse to the 2 nd stage				
----reverse to the 1 st stage	1,198,565.00	-	-1,198,565.00	-
Accrued	-	-	50,173.10	50,173.10

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	1,106,375.47	-	-	1,106,375.47
Cancelation				
Written off				
Other movement				
Closing balance	596,484.59	-	148,738.10	745,222.69

(3) Other receivable listed by account aging

Aging	Closing Balance
Within 1 year	10,080,508.11
1-2 years	4,307,883.00
2-3 years	20,750,000.00
3-4 years	430,072.11
4-5 years	-
Over 5 years	1,198,565.00
Total	36,767,028.22

(4) Bad debt provision.

Category	Opening balance	Change during the year			Closing Balance
		Accrued	Collected/reversed	Written-off	
Bad debt provision	1,801,425.06		1,056,202.37		745,222.69
Total	1,801,425.06		1,056,202.37		745,222.69

(5) Other receivables from the top 5 debtors

Name	Category	Closing Balance	Aging	% of the total OR	Closing Balance of Provision
Xiangfan Zhende Meat Foodstuff Co.,Ltd.	Receivable	1,532,867.61	Within 1 year	4.17	56,102.95
Dalian Delta HK China Gas Co., Ltd.	Deposit	1,100,000.00	Over5 years,	2.99	40,260.00
Xinjiang Dongfang New Energy Co.,Ltd	Bid deposit	1,000,000.00	1-2 years	2.72	36,600.00
Ningxia Crystal New Energy Materials	Bid deposit	1,000,000.00	Within 1 year	2.72	36,600.00
Hebei Veyong Bio-Chemical Co.,Ltd	Security deposit for fulfil the contract	865,980.00	1-2 years	2.36	31,694.87
Total		5,498,847.61		14.96	201,257.82

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	2,163,545,361.29	-	2,163,545,361.29	696,262,267.08	-	696,262,267.08
Investment of affiliates and JV	557,452,792.51	-	557,452,792.51	1,227,131,957.97	-	1,227,131,957.97
Total	2,720,998,153.80	-	2,720,998,153.80	1,923,394,225.05	-	1,923,394,225.05

(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	45,272,185.00			45,272,185.00		
Dalian Bingshan Guardian Automation Co., Ltd	6,872,117.80	43,766,243.72		50,638,361.52		
Dalian Bingshan-RYOSETSU Quick Freezing Equipment Co., Ltd	59,356,051.19		-	59,356,051.19		
Dalian Universe Thermal 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 Technology 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 Engineering & Trading Co., Ltd	71,537,064.86	-	-	71,537,064.86		
Sonyo Compressor(Dalian)Co.,Ltd		1,380,455,603.23	-	1,380,455,603.23		
Sonyo Refrigeration System (Dalian) Co., Ltd		108,851,490.98	-	108,851,490.98		
Total	696,262,267.08	1,533,073,337.93	65,790,243.72	2,163,545,361.29		

(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		
1. Affiliated company										
Panasonic Appliances cold Chain(Dalian)Co.Lt	90,330,037.43	-	20,702,064.56	-69,597,984.87	-29,988.00				-	-

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		
d											
Beijing Huashang Bingshan Refrigeration and Air-conditioning Machinery Co., Ltd	2,139,942.18	-	2,442,782.42	302,840.24					-	-	
Dalian Honjo Chemical Co., Ltd	892,626.52			892,830.28	-	-		-	-	-	9,819,096.80
Keinin-Grand Ocean Thermal Technology (Dalian) Co., Ltd	58,799,068.28	-	-	3,290,245.23	-	-	2,000,000.00		-	-	60,089,313.51
Dalian Fuji Bingshan Vending Machine Co., Ltd	148,656,014.75	-	-	-37,554,674.82	-	-		-	-	-	111,101,339.93
MHI Bingshan Refrigeration (Dalian) Co., Ltd.	14,923,803.87	-	-	477,305.23	-	-		-	-	-	15,401,109.10
Dalian Fuji Bingshan Vending Machine Sales Co., Ltd		-	-						-	-	
Jiangsu Jingxue Insulation Technology Co., Ltd	201,731,528.04	-	63,957,497.85	7,082,562.57	-	-	4,732,344.00		-	-	140,124,248.76
Bingshan Metal Technical Service (Dalian) Co., Ltd.	168,294,942.93	-	-	30,420,886.58	-	-	23,402,022.05		-	-	175,313,807.46
Dalian Bingshan Group Huahuida	44,789,319.55		-	1,502,255.10	-	-	687,697.70		-	-	45,603,876.95

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		
Financial Leasing Co., Ltd										
Sonyo Compressor(Dalian) Co.,Ltd	460,060,249.49		451,307,603.23	25,369,353.74	-	-	34,122,000.00	-	-	-
Sonyo Refrigeration System (Dalian) Co., Ltd	28,480,784.93		27,116,430.98	162,691.50	-	-	1,527,045.45	-	-	
Total	1,227,131,957.97		565,526,379.04	-37,651,689.22	-29,988.00	-	66,471,109.20	-	-	557,452,792.51

4. Operating revenue and cost

Item	Current year		Last year	
	Revenue	Cost	Revenue	Cost
Revenue from main operation	976,567,011.13	853,599,677.62	785,491,401.27	707,799,558.39
Revenue from other operation	71,575,982.20	56,250,851.97	48,010,534.28	29,323,036.07
Total	1,048,142,993.33	909,850,529.59	833,501,935.55	737,122,594.46

5. Investment income

Items	Current year	Last year
Long-term equity investment gain under cost method	153,482,615.76	32,102,543.64
Long-term equity investment gain under equity method	-37,651,689.22	-85,723,133.07
Gain from disposing long-term equity investment	110,083,973.75	27,665,072.62
Gain from holding of other non-current financial assets	20,657,215.39	7,229,604.48
Gain from disposal of other non-current financial assets	43,296,525.04	2,620,417.98
Total	289,868,640.72	-16,105,494.35

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 25, 2023. **XIV. 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	109,194,830.34	
Override, no formal approval or accidental tax refund, deduction or exemption	-	
Government grants recorded into profit or loss	11,878,746.43	
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	-	

Items	Current year	Notes
Profit or loss from debts restructuring	230,467.42	
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	-2,019,000.00	
Gain/loss from change of fair value by holding the tradable financial asset and liabilities, derivatives and or disposing of the tradable financial asset and liabilities, derivatives other than effective hedging in relation to the Company's normal business	-3,694,509.36	
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.	-	
Custodian fees obtained from entrusted operations	-	
Non-operating revenue and expense besides the above items	8,754,118.59	
Other profit or loss	170,729,805.79	
Subtotal	295,074,459.21	
Effect on income tax	2,961,966.70	
Attributable to minority shareholders' equity (after tax)	397,014.88	
Total	291,715,477.63	

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 2022 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	0.61	0.02	0.02
Net profit after deducting non-recurring gains and losses attributable to shareholders of parent company	-9.10	-0.32	-0.32

Bingshan Refrigeration & Heat Transfer Technologies Co., Ltd.

April 26, 2023