

Bingshan Refrigeration & Heat Transfer Technologies Co., Ltd. QUARTERLY REPORT FOR THIRD QUARTER, 2023

The directors and the Board of Directors of Bingshan Refrigeration & Heat Transfer Technologies Co., Ltd. hereby confirm that there are no any important omissions, fictitious statements or serious misleading carried in this report.

Important Notes

1. 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 no 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.
2. 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 quarterly report is true and complete.
3. The Company's quarterly financial report has not been audited.

§1 Major accounting data and changes of shareholders

1.1 Major accounting data and financial indexes

Is there any traceable adjustment to the financial statements for the previous report period?

Yes No

	2023.7-9	2022.7-9	Increase/decrease over 2022.7-9	2023.1-9	2022.1-9	Increase/decrease over 2022.1-9
Total operating income	1,274,571,520.64	752,258,640.60	69.43%	3,602,108,233.69	2,044,117,549.31	76.22%
Net profit attributable to parent company	14,469,128.62	-21,540,127.71	167.17%	71,883,527.84	8,028,223.81	795.39%
Net profit attributable to parent company after deducting non-recurring gains/losses	1,479,838.85	-23,177,485.56	106.38%	46,938,009.37	-12,472,367.21	476.34%
Net cash generated from operating activities	—	—	—	-166,271,484.31	-294,901,573.59	43.62%
Basic earnings per share	0.02	-0.03	166.67%	0.09	0.01	800.00%
Diluted earnings per share	0.02	-0.03	166.67%	0.09	0.01	800.00%
Weighted average return on net asset yield	0.47%	-0.72%	Increase 1.19 percentage points	2.34%	0.27%	Increase 2.07 percentage points
	2023.9.30			2022.12.31		Increase/decrease over 2022.12.31
Total assets	8,248,498,357.51			7,601,935,329.60		8.51%
Shareholder's equity attributable to parent company	3,069,642,234.61			3,006,190,831.84		2.11%

In the first three quarters of 2023, the Company's net profit increased significantly year-on-year, mainly due to the Company's focus on hot and cold business, deep cultivation of market segments, solid improvement of core competitiveness, increased revenue and profit from increased orders, and the Company completed major asset restructuring in November 2022, resulting in more profit contributions from new subsidiaries.

Item of non-recurring gains and losses	Amount of this report period	Amount from beginning of year to the end of report period
Profit and loss from disposal of non-current assets	681, 888. 50	188, 194. 83
Government subsidies which were included in the current profits and losses	1, 690, 071. 81	5, 953, 349. 59
Gains and losses on debt restructuring	144, 767. 32	1, 120, 121. 82
Profit or loss arising from contingencies unrelated to the normal operation of the company		3, 290, 560. 80
When the investment cost of a subsidiary, associate or joint venture is less than that of the investment, an enterprise shall enjoy the income generated by the fair value of the identifiable net assets of the invested entity	6, 000, 504. 40	10, 364, 507. 60
Allowance for impairment reversal of receivables tested separately for impairment		1, 037, 705. 78
Other non-operating incomes and expenses except the above mentioned	6, 606, 547. 35	7, 253, 231. 17
Income tax effects	2, 139, 176. 82	4, 160, 080. 75
Minority equity interests effects (after tax)	-4, 687. 21	102, 072. 37
Total	12, 989, 289. 77	24, 945, 518. 47

1.3 Major changes in main financial items and indexes, and description of the cause

✓ Applicable Inapplicable

(1). Receivables financing increased 345.04% compared with the beginning of the year, mainly due to the high credit bank has not expired acceptance, Sonyo compressor and Sonyo refrigeration included in the scope of the merger.

(2). Other receivables decreased 40.98% compared with the beginning of the year, mainly due to recover bid security and imprest

(3). Contract assets increased 35.58% compared with the beginning of the year, mainly due the increase and consolidation of Sonyo refrigeration, as well as the increase in operating income, the increase in outstanding quality guarantees and the increase in revenue to be settled according to the time period method.

(4). Other current assets increased 106.86% compared with the beginning of the year, mainly due to the increase in the pre-paid VAT of Sonyo refrigeration and the increase in the input tax to be deducted from the VAT of the combined unit.

(5). Notes payable increased 34.62% compared with the beginning of the year, mainly due to affected by Sonyo Compressor and Sonyo refrigeration.

(6). Non-current liabilities due within one year increased 62.16% compared with the beginning of the year, mainly due to an increase in long-term borrowing due within a year.

(7). Other current liabilities increased 66.66% compared with the beginning of the year, mainly due to the increase in endorsed bills and sales orders, pending the impact of the resale tax increase.

(8). Lease liability increased 54.86% compared with the beginning of the year, mainly due to Sonyo Compressor and Sonyo refrigeration and other subsidiaries merged into the impact, as well as the impact of financial leasing.

(9). Long-term account payable decreased 45.28% compared with the beginning of the year, mainly due to the reduced impact of factoring commitments.

(10). Anticipation liabilities decreased 65.32% compared with the beginning of the year, mainly due to Sonyo compressor a project of first instance judgment loss reduction.

(11). Operating income increased 76.22% on a year-on-year basis, mainly due to the increase in orders, and the increase in Sonyo compressor, Sonyo refrigeration system, and Sonyo refrigeration included in the consolidation scope.

(12). Selling and distribution expenses increased 82.87% on a year-on-year basis, mainly due to an increase in sales orders, a decrease in business trips during the same period, and an increase in Sonyo Compressor, Sonyo refrigeration system, and Sonyo refrigeration.

(13). Administrative expenses increased 58.77% on a year-on-year basis, mainly due to an increase in Sonyo Compressors, Sonyo refrigeration system, and Sonyo refrigeration.

(14). R&D expenses increased 119.80% on a year-on-year basis, Mainly due to the increase in research and development investment and Sonyo compressor, Sonyo refrigeration system, and Sonyo refrigeration into the scope of the merger increased.

(15). Financial expense increased 199.49% on a year-on-year basis, Mainly due to Sonyo compressor, Sonyo refrigeration system, and Sonyo refrigeration included in the scope of the merger increased and merger loan interest increased.

(16). Gain from change in fair value increased significantly on a year-on-year basis, mainly due to positive changes in Guotai Junan stock price.

(17). Credit impairment loss increased 203.16% on a year-on-year basis, mainly because Sonyo compressor, Sonyo refrigeration system, and Sonyo refrigeration into the scope of consolidation.

(18). Non-business income increased significantly on a year-on-year basis, mainly due to the influence of Sonyo compressor.

(19). Net cash flows arising from operating activities increased 128.63 million yuan on a year-on-year basis, mainly due to the increase in sales orders and the improvement in payment collection.

(20). Net cash flows arising from investing activities decreased 269.97 million yuan on a year-on-year basis, mainly due to the investment income received in the same period last year more cash and the current period Sonyo compressor transferred to the subsidiary fixed assets investment impact.

(21). Net cash flows arising from financing activities increased 19.56 million yuan on a year-on-year basis, mainly due to an increase in M&A loans..

2. Shareholders' information

2.1 Total number and particulars of the shareholders by the end of the report period

Total number of shareholders in the reporting period	50,299	Total number of shareholders as of the last month before disclosure of the annual report	0		
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		
Sanyo Electric Co., Ltd.	Overseas legal person	8.72%	73,503,150		
China Merchants Bank Co., Ltd.-Dongfang HongRuize three years regular open flexible allocation of hybrid securities investment funds	Others	1.90%	15,980,700		
Zhang Sufen	Domestic natural person	1.30%	10,990,000		
We Assets - Minsheng Bank - We Assets - Shengshi Select No. 2 Collection Asset Management Product (Phase 2)	Others	1.12%	9,431,200		
Chen Xianlai	Domestic natural person	0.85%	7,180,000		
Lin Zhenming	Foreign natural person	0.80%	6,730,000		
China Merchants Bank Co., LTD-Dongfang HongRui Man Shanghai, Hong Kong and Shenzhen Flexible Allocation Hybrid Securities Investment Fund (LOF)	Others	0.71%	5,968,250		
Xue Hong	Domestic natural person	0.43%	3,620,000		
Dalian industrial development investment Co., Ltd.	Domestic non-state-owned legal person	0.40%	3,406,725		
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		
China Merchants Bank Co., Ltd.-Dongfang HongRuize three years regular open flexible allocation of hybrid securities investment funds	15,980,700		RMB denominated ordinary shares		
Zhang Sufen	10,990,000		RMB denominated ordinary shares		
We Assets - Minsheng Bank - We Assets - Shengshi Select No. 2 Collection Asset Management Product (Phase 2)	9,431,200		RMB denominated ordinary shares		
Chen Xianlai	7,180,000		RMB denominated ordinary shares		

Lin Zhenming	6,730,000	Domestically listed foreign shares
China Merchants Bank Co., LTD-Dongfang HongRui Man Shanghai, Hong Kong and Shenzhen Flexible Allocation Hybrid Securities Investment Fund (LOF)	5,968,250	RMB denominated ordinary shares
Xue Hong	3,620,000	Domestically listed foreign shares
Dalian industrial development investment Co., Ltd.	3,406,725	RMB denominated ordinary 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.	

At the end of the report period, the total number of shareholders of the Company was 50,299, including 43,121 A-share shareholders and 7,178 B-share shareholders.

2.2 Information on the total number of preferred shareholders and the shares held by top ten preferred shareholders as of the end of the reporting period

Yes No

§3 Other important Matters

Yes No

§4 Financial Statements

CONSOLIDATION BALANCE SHEET

Prepared by Bingshan Refrigeration & Heat Transfer Technologies Co., Ltd.

September 30, 2023

Unit: RMB Yuan

Items	30-Sep-2023	1-Jan-2023
Current assets:		
Monetary funds	810,073,486.50	1,006,165,899.18
Financial assets which are measured by fair value and which changes are recorded in current profit and loss		
Derivative financial assets		
Transaction financial assets		
Notes receivable	534,917,754.03	505,945,261.18
Accounts receivable	1,547,419,861.13	1,409,978,442.95
Receivables financing	261,653,329.35	58,792,792.70
Accounts paid in advance	196,296,251.82	171,991,468.12
Other receivables	30,330,908.72	51,394,474.24
Interest receivables		
Dividend receivable		14,495.00
Inventories	1,614,785,351.28	1,395,344,780.24
Contract assets	306,123,195.32	225,790,875.78
Assets held for sale		
Non-current asset due within one year	12,571,309.30	15,715,631.52
Other current assets	69,298,415.43	33,499,577.60
Total current assets	5,383,469,862.88	4,874,619,203.51
Non-current assets:		
Finance asset held available for sales		
Held-to-maturity investment		
Long-term account receivable	5,162,458.90	5,162,458.90
Long-term equity investment	557,185,801.07	562,987,771.94
Other Non-current financial assets	160,315,368.91	149,950,861.31
Investment property	112,914,295.13	115,332,918.20
Fixed assets	1,298,540,800.22	1,229,029,368.93
Construction in progress	123,215,966.04	115,577,902.54
Right of use assets	15,298,911.87	30,941,662.26
Engineering material		
Disposal of fixed asset		
Productive biological asset		
Oil and gas asset		
Intangible assets	213,374,561.69	168,076,720.07
Expense on Research and Development		
Goodwill	270,800,976.03	248,345,508.41
Long-term expenses to be apportioned	5,819,165.04	6,486,566.92
Deferred income tax asset	102,400,189.73	95,424,386.61
Other non-current asset		
Total non-current asset	2,865,028,494.63	2,727,316,126.09
Total assets	8,248,498,357.51	7,601,935,329.60
Current liabilities:		

Short-term loans	288,908,174.90	274,052,990.15
Financial liabilities which are measured by fair value and which changes are recorded in current profit and loss		
Derivative financial liabilities		
Transaction financial liabilities		
Notes payable	833,206,601.11	618,944,384.85
Accounts payable	1,727,626,102.95	1,586,098,060.59
Accounts received in advance		
Contract liabilities	714,023,045.39	647,645,820.57
Wage payable	127,928,244.84	118,216,683.23
Taxes payable	20,927,650.75	33,691,523.62
Other accounts payable	51,443,359.88	67,054,250.25
Interest payable		
Dividend payable	533,156.00	533,156.00
Liabilities held for sale		
Non-current liabilities due within one year	102,329,555.20	63,105,954.56
Other current liabilities	310,545,621.84	204,650,003.24
Total current liabilities	4,176,938,356.86	3,613,459,671.06
Non-current liabilities:		
Long-term loans	739,400,000.00	715,100,000.00
Bonds payable		
Preferred stock		
Perpetual bond		
Lease liability	17,392,057.69	11,230,532.05
Long-term account payable	16,968,459.97	31,009,644.16
Long-term wage payable		
Special Payable		
Anticipation liabilities	6,521,234.94	18,805,967.43
Deferred income	98,155,169.74	99,754,346.39
Deferred income tax liabilities	65,501,170.25	52,306,365.68
Other non-current liabilities		
Total non-current liabilities	943,938,092.59	928,206,855.71
Total liabilities	5,120,876,449.45	4,541,666,526.77
Shareholders' equity		
Share capital	843,212,507.00	843,212,507.00
Other equity instruments		
Preferred stock		
Perpetual bond		
Capital public reserve	717,097,098.38	717,097,098.38
Less: Treasury stock		
Other comprehensive income	2,208,669.73	2,208,669.73
Special preparation		
Surplus public reserve	825,226,634.15	825,226,634.15
Generic risk reserve		
Retained profit	681,897,325.35	618,445,922.58
Total owner's equity attributable to parent company	3,069,642,234.61	3,006,190,831.84

Minority interests	57,979,673.45	54,077,970.99
Total owner's equity	3,127,621,908.06	3,060,268,802.83
Total liabilities and shareholder's equity	8,248,498,357.51	7,601,935,329.60

Legal Representative: Ji Zhijian

Chief Financial Officer: Wang Jinxiu

Person in Charge of Accounting Organization: Li Sheng

CONSOLIDATION INCOME STATEMENT

Prepared by Bingshan Refrigeration & Heat Transfer Technologies Co., Ltd.

January - September, 2023

Unit: RMB Yuan

Items	January-September, 2023	January- September, 2022
I. Total sales	3,602,108,233.69	2,044,117,549.31
II. Total operating cost	3,500,188,858.95	2,057,243,064.66
Including: Operating cost	2,992,350,493.45	1,779,802,998.39
Taxes and associate charges	25,820,709.54	15,646,694.55
Selling and distribution expenses	168,639,007.67	92,218,838.90
Administrative expenses	172,345,836.79	108,550,680.84
R&D expenses	115,096,900.39	52,363,696.66
Financial expense	25,935,911.11	8,660,155.32
Including: interest expense	29,152,253.80	11,655,789.18
interest income	8,078,792.66	2,768,663.68
Add: Other income	2,206,719.66	3,357,636.01
Gain/(loss) from investment	3,666,199.84	84,086,155.71
Including: income from investment on affiliated enterprise and jointly enterprise	-3,158,300.72	-1,089,360.88
Gain/(loss) from change in fair value (loss as “-“)	10,364,507.60	-46,118,233.76
Credit impairment loss (loss as “-“)	-42,792,710.31	-14,115,428.91
Assets impairment loss (loss as “-“)	2,110,878.83	-755,169.48
Gain/(loss) from asset disposal (loss as “-“)	1,002,383.35	117,689.42
III. Operating profit	78,477,353.71	13,447,133.64
Add: non-business income	13,080,515.09	3,648,490.08
Less: non-business expense	3,204,263.53	571,911.62
IV. Total profit	88,353,605.27	16,523,712.10
Less: Income tax	12,568,374.96	5,635,364.87
V. Net profit	75,785,230.31	10,888,347.23
(I) Net profit from continuous operation	75,785,230.31	10,888,347.23
(II) Net profit from discontinuing operation		
Net profit attributable to parent company	71,883,527.84	8,028,223.81
Minority shareholders’ gains and losses	3,901,702.47	2,860,123.42
VI. After-tax net amount of other comprehensive incomes		
After-tax net amount of other comprehensive incomes attributable to owners of the Company		
(I) Other comprehensive incomes that will not be reclassified into gains and losses		
1. Changes in net liabilities or assets with a defined benefit plan upon re-measurement		
2. Enjoyable shares in other comprehensive incomes in invests that cannot be reclassified into gains and losses under the equity method		
(II) Other comprehensive incomes that will be reclassified into gains and losses		
1. Enjoyable shares in other comprehensive incomes in invests that will be reclassified into gains and losses under the equity method		
2. Gains and losses on fair value changes of available-for-sale financial assets		
3. Gains and losses on reclassifying held-to-maturity investments into available-for-sale financial assets		
4. Effective hedging gains and losses on cash flows		

5. Foreign-currency financial statement translation difference		
6、Others		
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After-tax net amount of other comprehensive incomes attributable to minority shareholders		
VII Total comprehensive income	75,785,230.31	10,888,347.23
Total comprehensive income attributable to parent company	71,883,527.84	8,028,223.81
Total comprehensive income attributable to minority shareholders	3,901,702.47	2,860,123.42
VIII. Earnings per share		
(I) basic earnings per share	0.09	0.01
(II) diluted earnings per share	0.09	0.01

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

CONSOLIDATION CASH FLOW STATEMENT

Prepared by Bingshan Refrigeration & Heat Transfer Technologies Co., Ltd.

January - September, 2023

Unit: RMB Yuan

Items	January-September, 2023	January - September, 2022
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	3,229,896,254.25	1,829,040,062.90
Write-back of tax received	21,889,014.28	19,518,381.48
Other cash received concerning operating activities	78,453,591.90	54,399,279.15
Subtotal of cash inflow arising from operating activities	3,330,238,860.43	1,902,957,723.53
Cash paid for purchasing commodities and receiving labor service	2,602,049,135.49	1,744,352,580.69
Cash paid to/for staff and workers	537,303,228.95	268,660,102.51
Taxes paid	153,454,073.42	59,392,595.29
Other cash paid concerning operating activities	203,703,906.88	125,454,018.63
Subtotal of cash outflow arising from operating activities	3,496,510,344.74	2,197,859,297.12
Net cash flows arising from operating activities	-166,271,484.31	-294,901,573.59
II. Cash flows arising from investing activities:		
Cash received from recovering investment		139,133,456.91
Cash received from investment income	10,144,138.79	92,354,809.76
Net cash received from disposal of fixed, intangible and other long-term assets	1,493,813.50	644,321.28
Net cash received from disposal of subsidiaries and other units		5,605,792.62
Other cash received concerning investing activities		
Subtotal of cash inflow from investing activities	11,637,952.29	237,738,380.57
Cash paid for purchasing fixed, intangible and other long-term assets	49,050,141.37	17,235,374.55
Cash paid for investment		
Net cash paid for achievement of subsidiaries and other business units	12,056,951.02	
Other cash paid concerning investing activities		
Subtotal of cash outflow from investing activities	61,107,092.39	17,235,374.55
Net cash flows arising from investing activities	-49,469,140.10	220,503,006.02
III. Cash flows arising from financing activities		
Cash received from absorbing investment		
Including: Cash received from absorbing minority shareholders' equity investment by subsidiaries		
Cash received from loans	355,908,174.90	247,850,000.00
Cash received from issuing bonds		
Other cash received concerning financing activities	6,600,000.00	96,398,036.29
Subtotal of cash inflow from financing activities	362,508,174.90	344,248,036.29
Cash paid for settling debts	266,276,141.98	237,000,000.00
Cash paid for dividend and profit distributing or interest paying	32,167,304.24	25,307,407.67
Including: dividends or profit paid by subsidiaries to minority shareholders		
Other cash paid concerning financing activities	38,899,306.16	76,335,398.74
Subtotal of cash outflow from financing activities	337,342,752.38	338,642,806.41
Net cash flows arising from financing activities	25,165,422.52	5,605,229.88
IV. Influence on cash due to fluctuation in exchange rate	-900,644.83	2,465,826.18

V. Net increase of cash and cash equivalents	-191, 475, 846. 72	-66, 327, 511. 51
Add: Balance of cash and cash equivalents at the period -begin	921, 663, 803. 17	438, 969, 337. 87
VI. Balance of cash and cash equivalents at the period- end	730, 187, 956. 45	372, 641, 826. 36

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

Board of Directors of Bingshan Refrigeration & Heat Transfer Technologies Co., Ltd.
October 27, 2023