

Bingshan Refrigeration & Heat Transfer Technologies Co., Ltd. QUARTERLY REPORT FOR THIRD QUARTER, 2022

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

	2022.7-9	2021.7-9	Increase/decrease over 2021.7-9	2022.1-9	2021.1-9	Increase/decrease over 2021.1-9
Total operating income	752,258,640.60	657,628,182.17	14.39%	2,044,117,549.31	1,751,913,803.14	16.68%
Net profit attributable to parent company	-21,540,127.71	-26,965,424.33	20.12%	8,028,223.81	-41,549,634.34	119.32%
Net profit attributable to parent company after deducting non-recurring gains/losses	-23,177,485.56	-39,026,942.89	40.61%	-12,472,367.21	-50,909,617.50	75.50%
Net cash generated from operating activities	-	-	-	-294,901,573.59	4,865,672.01	-6,160.86%
Basic earnings per share	-0.026	-0.030	13.33%	0.01	-0.049	120.41%
Diluted earnings per share	-0.026	-0.030	13.33%	0.01	-0.049	120.41%
Weighted average return on net asset yield	-0.72%	-0.80%	Increase 0.08 percentage points	0.27%	-1.20%	Increase 1.47 percentage points
	2022.9.30			2021.12.31		Increase/decrease over 2021.12.31
Total assets	5,919,364,392.25			5,735,570,604.67		3.20%
Shareholder's equity attributable to parent company	2,996,716,902.50			3,002,842,837.47		-0.20%

In the first three quarters of 2022, the Company's net profit turned from loss to profit, mainly due to the following reasons:

1. During the reporting period, the Company focused on the hot and cold business, deeply cultivated the advantageous market segments, solidly enhanced the core competitiveness, and continuously improved the main business. Affected by adverse factors, and new retail related to the joint venture investment income significantly reduced.
2. During the reporting period, the Company transferred 17.8% equity of Cold King Container Temperature Control (Suzhou) Co., LTD., and achieved net income of about 36.5 million Yuan in the current period; The Company reduced its holding of Jingxue Energy Saving by 2% through bulk transactions, achieving a net income of about 14.5 million yuan in the current period; The negative change in fair value of Guotai Junan brought a net loss of about 39 million yuan to the Company in the current period. The above items belong to non-recurring

gains and losses.

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	50,429.22	117,689.42
Government subsidies which were included in the current profits and losses	5,353,698.82	7,337,869.44
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	14,673,186.02	17,507,806.65
Disposal gains from investments on financial assets available for sale, and gains from fair value change of other non-current financial assets	-16,692,312.24	-2,821,708.72
Other non-operating incomes and expenses except the above mentioned	1,798,538.68	3,076,578.46
Income tax effects	3,342,620.35	4,335,503.48
Minority equity interests effects (after tax)	203,562.30	382,140.75
Total	1,637,357.85	20,500,591.02

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

✓ Applicable Inapplicable

- (1). Notes receivable increased 42.59% compared with the beginning of the year, mainly due to the increase in settlement bills.
- (2). Accounts receivable increased 36.61% compared with the beginning of the year, mainly due to the increase in operating revenue, the increase in engineering projects, the overall proportion of accounts receivable increased.
- (3). Receivables financing decreased 44.49% compared with the beginning of the year, mainly due to high credit banks not due acceptance.
- (4). Accounts paid in advance increased 57.01% compared with the beginning of the year, mainly due to the increase of orders in this period, especially the increase of engineering projects, we need to pay the suppliers in advance.
- (5). Other Non-current financial assets decreased 42.30% compared with the beginning of the year, Mainly due to the transfer of the company's 17.8% stake in Cold King Container Temperature Control (Suzhou) Co., LTD., and the negative change in the share price of Guotai Junan.
- (6). Construction in progress increased 60.13% compared with the beginning of the year, mainly because of the transformation of the workshop heat pump.
- (7). Right of use assets decreased 36.18% compared with the beginning of the year, mainly due to a decrease in leased office space.
- (8). Salary payable decreased 36.31% compared with the beginning of the year, mainly due to the current period has been paid at the end of the last period of the staff salary (year-end bonus, etc.)
- (9). Taxes payable increased 184.77% compared with the beginning of the year, mainly due to pay value added tax, income tax changes.
- (10). Other accounts payable decreased 55.74% compared with the beginning of the year, mainly to pay for personal reimbursement of the balance and pay for freight and other exchange expenses reduced.
- (11). Deferred income tax liabilities decreased 41.75% compared with the beginning of the year, mainly because Guotai Junan stock price negative change.
- (12). Gain from investment increased 341.07% on a year-on-year basis, mainly due to the transfer of 17.8% of the Company's holding of Cold King Container Temperature Control (Suzhou) Co., LTD., and the reduction of 2% of Crystal Snow Energy-saving shares.
- (13). Gain from change in fair value decreased 1,328.51% on a year-on-year basis, mainly because Guotai Junan stock price negative change.
- (14). Net cash flows arising from operating activities decreased 299.77 million yuan on a year-on-year basis, mainly due to an increase in product and engineering orders and an increase in cash paid for the purchase of raw materials and engineering construction.
- (15). Net cash flows arising from investing activities increased 155.56 million yuan on a year-on-year basis, mainly due to the transfer of 17.8% of the company's holding of Cold King Container Temperature Control (Suzhou) Co., LTD., and the reduction of 2% of Jing xue Energy-saving shares.
- (16). Net cash flows arising from financing activities increased 82.96million yuan on a year-on-year basis, mainly due to lower cash payments to service debt.

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	77,661	Total number of shareholders as of the last month before disclosure of the annual report			
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		
Shen Dongrong	Domestic natural person	1.46%	12,288,400		
Liu Zhaoshui	Domestic natural person	0.99%	8,374,200		
Lin Zhenming	Foreign natural person	0.80%	6,730,000		
Chen Xianlai	Domestic natural person	0.58%	4,926,200		
Chen Yong	Domestic natural person	0.53%	4,494,500		
Xue Hong	Domestic natural person	0.42%	3,580,000		
Wu An	Domestic natural person	0.41%	3,415,200		
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			
Shen Dongrong	12,288,400	RMB denominated ordinary shares			
Liu Zhaoshui	8,374,200	RMB denominated ordinary shares			
Lin Zhenming	6,730,000	Domestically listed foreign shares			
Chen Xianlai	4,926,200	RMB denominated ordinary shares			
Chen Yong	4,494,500	RMB denominated ordinary shares			
Xue Hong	3,580,000	Domestically listed foreign shares			
Wu An	3,415,200	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 77,661, including 70,316 A-share shareholders and 7,345 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

During the reporting period, the Company reduced its holdings of Jingxue Energy Saving by 2,160,000 shares through bulk trading, accounting for 2% of the total capital stock of Jingxue Energy Saving; A total of 1,080,000 shares of Jingxue Energy Saving have been engaged in refinancing securities lending transactions, accounting for 1% of the total capital stock of Jingxue Energy Saving.

§4 Financial Statements

CONSOLIDATION BALANCE SHEET

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

September 30, 2022

Unit: RMB Yuan

Items	30-Sep-2022	1-Jan-2022
Current assets:		
Monetary funds	433,278,755.30	522,658,505.79
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	237,312,309.92	166,430,365.74
Accounts receivable	1,122,280,028.43	821,548,678.85
Receivables financing	24,259,183.49	43,704,310.38
Accounts paid in advance	286,854,417.59	182,701,403.55
Other receivables	52,212,418.76	60,340,096.45
Interest receivables		
Dividend receivable		1,003,568.75
Inventories	1,035,944,382.77	1,014,527,127.82
Contract assets	130,188,419.06	109,859,658.79
Assets held for sale		
Non-current asset due within one year	14,990,989.30	14,990,989.30
Other current assets	10,559,853.74	24,525,076.71
Total current assets	3,347,880,758.36	2,961,286,213.38
Non-current assets:		
Finance asset held available for sales		
Held-to-maturity investment		
Long-term account receivable		
Long-term equity investment	1,169,106,175.09	1,231,504,533.45
Other Non-current financial assets	150,823,661.95	261,410,664.61
Investment property	116,305,340.46	120,752,809.61
Fixed assets	822,099,451.09	855,395,405.85
Construction in progress	62,409,744.48	38,974,478.45
Right of use assets	15,274,461.64	23,934,703.37
Engineering material		
Disposal of fixed asset		
Productive biological asset		
Oil and gas asset		
Intangible assets	137,188,907.01	142,592,738.10
Expense on Research and Development		
Goodwill	1,750,799.49	1,750,799.49
Long-term expenses to be apportioned	7,306,719.87	8,088,684.23
Deferred income tax asset	89,218,372.81	89,879,574.13
Other non-current asset		
Total non-current asset	2,571,483,633.89	2,774,284,391.29
Total assets	5,919,364,392.25	5,735,570,604.67

Current liabilities:		
Short-term loans	247,000,000.00	245,937,091.72
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	355,757,939.78	380,033,039.56
Accounts payable	1,168,375,475.66	919,871,927.53
Accounts received in advance		
Contract liabilities	480,236,940.48	499,719,963.40
Wage payable	22,387,897.94	35,148,782.48
Taxes payable	38,485,990.05	13,514,847.82
Other accounts payable	24,469,031.04	55,284,140.21
Interest payable		
Dividend payable	2,333,156.00	3,008,156.00
Liabilities held for sale		
Non-current liabilities due within one year	17,363,993.35	24,175,388.12
Other current liabilities	229,518,856.01	195,213,206.91
Total current liabilities	2,583,596,124.31	2,368,898,387.75
Non-current liabilities:		
Long-term loans	140,000,000.00	150,000,000.00
Bonds payable		
Preferred stock		
Perpetual bond		
Lease liability	997,434.45	5,394,021.14
Long-term account payable	20,768,932.49	19,998,913.29
Long-term wage payable		
Special Payable		
Anticipation liabilities		
Deferred income	102,801,093.39	106,185,323.82
Deferred income tax liabilities	20,734,470.21	35,596,349.70
Other non-current liabilities	285,301,930.54	317,174,607.95
Total non-current liabilities	2,868,898,054.85	2,686,072,995.70
Total liabilities		
Shareholders' equity		
Share capital	843,212,507.00	843,212,507.00
Other equity instruments		
Preferred stock		
Perpetual bond		
Capital public reserve	714,493,833.07	720,215,866.78
Less: Treasury stock		
Other comprehensive income	2,178,681.73	2,178,681.73
Special preparation		
Surplus public reserve	809,471,199.64	809,471,199.64
Generic risk reserve		
Retained profit	627,360,681.06	627,764,582.32

Total owner's equity attributable to parent company	2,996,716,902.50	3,002,842,837.47
Minority interests	53,749,434.90	46,654,771.50
Total owner's equity	3,050,466,337.40	3,049,497,608.97
Total liabilities and shareholder's equity	5,919,364,392.25	5,735,570,604.67

Legal Representative: Ji Zhijian

Chief Financial Official: Wang Jinxiu

Person in Charge of Accounting Organization: Li Sheng

CONSOLIDATION INCOME STATEMENT

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

January - September, 2022

Unit: RMB Yuan

Items	January-September, 2022	January- September, 2021
I. Total sales	2,044,117,549.31	1,751,913,803.14
II. Total operating cost	2,057,243,064.66	1,818,095,119.51
Including: Operating cost	1,779,802,998.39	1,537,686,115.03
Taxes and associate charges	15,646,694.55	14,782,923.04
Selling and distribution expenses	92,218,838.90	91,119,255.32
Administrative expenses	108,550,680.84	108,999,166.58
R&D expenses	52,363,696.66	54,388,434.55
Financial expense	8,660,155.32	11,119,224.99
Including: interest expense	11,655,789.18	14,919,014.00
interest income	2,768,663.68	5,032,852.90
Add: Other income	3,357,636.01	1,360,302.53
Gain/(loss) from investment	84,086,155.71	19,064,313.18
Including: income from investment on affiliated enterprise and jointly enterprise	-1,089,360.88	9,479,575.98
Gain/(loss) from change in fair value (loss as “-“)	-46,118,233.76	3,754,002.40
Credit impairment loss (loss as “-“)	-14,115,428.91	-5,784,568.00
Assets impairment loss (loss as “-“)	-755,169.48	-8,258,805.29
Gain/(loss) from asset disposal (loss as “-“)	117,689.42	27,171.60
III. Operating profit	13,447,133.64	-56,018,899.95
Add: non-business income	3,648,490.08	7,547,220.30
Less: non-business expense	571,911.62	1,004,350.24
IV. Total profit	16,523,712.10	-49,476,029.89
Less: Income tax	5,635,364.87	-1,445,628.95
V. Net profit	10,888,347.23	-48,030,400.94
(I) Net profit from continuous operation	10,888,347.23	-48,030,400.94
(II) Net profit from discontinuing operation		
Net profit attributable to parent company	8,028,223.81	-41,549,634.34
Minority shareholders' gains and losses	2,860,123.42	-6,480,766.60
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	10,888,347.23	-48,030,400.94
Total comprehensive income attributable to parent company	8,028,223.81	-41,549,634.34
Total comprehensive income attributable to minority shareholders	2,860,123.42	-6,480,766.60
VIII. Earnings per share		
(I) basic earnings per share	0.01	-0.049
(II) diluted earnings per share	0.01	-0.049

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, 2022

Unit: RMB Yuan

Items	January-September, 2022	January - September, 2021
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	1, 829, 040, 062. 90	1, 366, 490, 775. 49
Write-back of tax received	19, 518, 381. 48	15, 767, 416. 25
Other cash received concerning operating activities	54, 399, 279. 15	76, 419, 830. 88
Subtotal of cash inflow arising from operating activities	1, 902, 957, 723. 53	1, 458, 678, 022. 62
Cash paid for purchasing commodities and receiving labor service	1, 744, 352, 580. 69	991, 847, 218. 79
Cash paid to/for staff and workers	268, 660, 102. 51	258, 665, 354. 27
Taxes paid	59, 392, 595. 29	61, 236, 522. 09
Other cash paid concerning operating activities	125, 454, 018. 63	142, 063, 255. 46
Subtotal of cash outflow arising from operating activities	2, 197, 859, 297. 12	1, 453, 812, 350. 61
Net cash flows arising from operating activities	-294, 901, 573. 59	4, 865, 672. 01
II. Cash flows arising from investing activities:		
Cash received from recovering investment	139, 133, 456. 91	1, 703, 262. 34
Cash received from investment income	92, 354, 809. 76	80, 638, 354. 58
Net cash received from disposal of fixed, intangible and other long-term assets	644, 321. 28	718, 371. 68
Net cash received from disposal of subsidiaries and other units	5, 605, 792. 62	36, 263, 700. 00
Other cash received concerning investing activities		
Subtotal of cash inflow from investing activities	237, 738, 380. 57	119, 323, 688. 60
Cash paid for purchasing fixed, intangible and other long-term assets	17, 235, 374. 55	8, 985, 428. 62
Cash paid for investment		45, 400, 000. 00
Net cash paid for achievement of subsidiaries and other business units		
Other cash paid concerning investing activities		
Subtotal of cash outflow from investing activities	17, 235, 374. 55	54, 385, 428. 62
Net cash flows arising from investing activities	220, 503, 006. 02	64, 938, 259. 98
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	247, 850, 000. 00	258, 870, 000. 00
Cash received from issuing bonds		
Other cash received concerning financing activities	96, 398, 036. 29	60, 343, 934. 67
Subtotal of cash inflow from financing activities	344, 248, 036. 29	319, 213, 934. 67
Cash paid for settling debts	237, 000, 000. 00	337, 563, 543. 19
Cash paid for dividend and profit distributing or interest paying	25, 307, 407. 67	24, 159, 906. 92
Including: dividends or profit paid by subsidiaries to minority shareholders		
Other cash paid concerning financing activities	76, 335, 398. 74	34, 847, 480. 91
Subtotal of cash outflow from financing activities	338, 642, 806. 41	396, 570, 931. 02
Net cash flows arising from financing activities	5, 605, 229. 88	-77, 356, 996. 35
IV. Influence on cash due to fluctuation in exchange rate	2, 465, 826. 18	188, 430. 42

V. Net increase of cash and cash equivalents	-66,327,511.51	-7,364,633.94
Add: Balance of cash and cash equivalents at the period-begin	438,969,337.87	314,978,460.49
VI. Balance of cash and cash equivalents at the period-end	372,641,826.36	307,613,826.55

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 28, 2022