



Bingshan Refrigeration & Heat Transfer Technologies Co., Ltd.

2025 Semiannual Report

August, 2025

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.

All 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 " Management discussion and analysis" in Section 3 of this Semiannual Report describes major risks , including the risk of increasing market competition risk and the accounts receivable is on the high side. See the related sections for the countermeasures to be taken by the Company.

The Company plans to distribute no cash dividends, no bonus shares and convert no reserve fund into capital stock.

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

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

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Reference Documents

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

Liaison persons: Mr. Song Wenbao, Ms Du Yu

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Definitions

Defined item	Stands for	Meaning
Reporting period	Stands for	From Jan. 1, 2025 to Jun. 30, 2025
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.
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 holds 100% of its shares.
Sonyo Refrigeration	Stands for	Sonyo Refrigeration (Dalian) Co., Ltd. Formerly Panasonic Refrigeration (Dalian) Co., Ltd., one of the subsidiary 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		Dalian Bingshan Guardian Automation Co., Ltd. one of the subsidiaries of the Company where the Company holds 100% 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.

Section 2 About the Company and Main Financial Indicators

I. Company information

Short form of the stock	Bingshan; Bingshan B
Stock code	000530; 200530
Listed stock exchange	Shenzhen Stock Exchange
Legal name in Chinese	冰山冷热科技股份有限公司
Short form of legal name	冰山冷热
Legal English name	Bingshan Refrigeration & Heat Transfer Technologies Co., Ltd.
Abbreviation of legal English name	Bingshan
Legal representative	Ji Zhijian

II. Contact persons and information

	Secretary of the Board of Directors	Authorized representative for securities affairs
Name	Song Wenbao	Du Yu
Address	No.106, Liaohe East Road, Dalian Economic and Technological Development Zone	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. Other situations

1. Contact of company

If the registered address, office address and zip code, website, email box of the Company had any change in the report period

☐ Applicable ☒ Not applicable

2. Information disclosure and place of preparation

If the information disclosure and the place of preparation had any change in the report period

☐ Applicable ☒ Not applicable

The name of newspaper for information disclosure selected by the Company, the address of the website designated by China Securities Regulatory Commission for carrying semi-annual report, the place where the semi-annual report of the Company is prepared had no change in the report period. Refer to the Annual Report for 2023 for details.

IV. 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

Unit: RMB Yuan

	2025.1-6	2024.1-6	Increase/decrease compared with the same period of last year
Operating revenue	2,401,232,729.35	2,463,277,349.70	-2.52%
Net profit attributable to shareholders of listed companies	79,541,057.88	78,529,977.92	1.29%
Net profit belonging to the shareholders of listed companies after the deduction of non-recurring profit and loss	74,162,602.88	67,346,978.95	10.12%
Net cash flow from operating activities	-1,032,514.46	-32,585,984.75	96.83%
Basic earnings per share	0.09	0.09	0.00%
Diluted earnings per share	0.09	0.09	0.00%
Weighted average return on net asset yield	2.52%	2.55%	Decrease 0.03 percentage points
	2025.6.30	2024.12.31	Increase/decrease compared with 2024.12.31
Total assets	7,453,532,411.01	7,628,315,487.35	-2.29%
Owner's equity attributable to shareholders of listed companies	3,171,015,304.52	3,132,102,966.64	1.24%

V.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.

VI. Non-recurring profits and losses and their amounts

item	Amount
Disposal gains and losses of non-current asset	119,395.35
Government subsidies included in current profit or loss	4,637,976.92
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	
Allowance for impairment reversal of receivables tested separately for impairment	654,000.03
Gains and losses on debt restructuring	-1,358,198.53
The one-time expenses incurred by the enterprise due to the discontinuation of related business activities	-2,583,822.78
Other non-operating revenue or expense	4,293,412.53
Influence on income tax	457,453.96
Influence on minority shareholders	-73,145.44
Total	5,378,455.00

Section 3 Management discussion and analysis

I. 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 type, screw type, vortex type, lithium bromide absorption refrigeration machines/units, as well as pressure vessels, combination warehouses, controlled atmosphere fresh-keeping warehouses, refrigeration stations, quick freezer, etc. The company provides product sales and comprehensive solutions for both domestic and international markets, with self operated sales as the main focus and channel sales as a supplement.

In the first half of 2025, rigid demands such as food safety, energy security, consumption upgrading, energy conservation and carbon reduction, and domestic substitution will benefit the refrigeration and air conditioning industry; At the same time, the refrigeration and air conditioning industry is also facing challenges such as intensified market competition, difficulties in improving efficiency, and difficulties in recovering payments. In the face of opportunities and challenges, the Company focuses on the hot and cold business, continuously cultivating advantageous segmented markets such as petrochemicals, cold chain logistics, beer and dairy products, ship refrigeration, ice and snow venues, and environmental simulation. It vigorously expands new businesses such as energy storage thermal management and CCUS, actively seizes the domestic market, and strengthens the development of international markets.

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 actively served high-end customers and won bids for multiple high standard projects such as CNOOC Shell, PetroChina Jilin Petrochemical, and Sinopec Maoming Petrochemical. The industry influence of the Iceberg brand continued to increase.

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 signed multiple key projects, including the Guangzhou East Rail Intermodal Hub Phase I Project, the Shenzhen China Railway Comprehensive Cold Chain Logistics Project, and the Shunde Prefabricated Vegetable 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.

During the reporting period, the subsidiary of the Company, Bingshan Air Conditioning, vigorously developed its air source heat pump business.

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.

During the reporting period, the Company signed multiple key projects, including the BYD Intelligent New Energy Vehicle Comprehensive Testing Field Project.

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 new businesses such as energy storage thermal management, and CCUS.

II. Analysis of core competence

The Company focuses on main business of cold and heat; 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 cold-heat 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.

III. Analysis of main business

In the first half of 2025, the Company focused on the hot and cold business, deeply cultivated segmented markets, solidly improved core competitiveness, effectively expanded industry influence, and continuously strengthened its main business. In the first half of 2025, the Company achieved an operating revenue of 2,401.23 million yuan, an decrease of 2.52% year-on-year; The net profit attributable to the shareholders of the listed company was 79.54 million yuan, , an increase of 1.29% year-on-year.

During the reporting period, the Company continued to strive and develop steadily. The falling film opening screw chiller unit has been tested in practical applications and is now being mass-produced for the market. The second phase of the photovoltaic project on the roof of the new factory area has been officially connected to the grid for power generation, taking a crucial step towards the construction of a zero carbon factory. The carbon dioxide transcritical cold and heat integrated coupling unit was selected as an "innovative product" at the 2025 China Refrigeration Exhibition, and the OCCS liquefaction unit won the "gold medal product" at the 2025 China Refrigeration Exhibition. The -95 °C low-temperature ethylene cascade unit has been selected for the "2024 China Refrigeration Society Energy Conservation, Carbon Reduction, and Environmental Protection Product Catalog".

During the reporting period, the subsidiary of the Company, Bingshan Engineering Company, continued to deeply cultivate the segmented market. In the field of product business, actively serving high-end customers, winning bids for multiple high standard projects such as CNOOC Shell project, PetroChina Jilin Petrochemical project, and Sinopec Maoming Petrochemical project. In the field of engineering, we have undertaken multiple key projects, including the first phase of the Guangzhou East Rail Intermodal Hub project, the comprehensive cold chain logistics project of Shenzhen State Railway, the BYD Intelligent New Energy Vehicle Comprehensive Testing Field project, and the Shunde Prefabricated Vegetable project. In the field of energy, there has been a significant increase in orders for energy storage thermal management projects and CCUS projects.

During the reporting period, the subsidiary of the Company, Wuhan New World Refrigeration, continuously optimized its products and solutions. The development of oil-free compressors is progressing in an orderly manner, and integrated compressor projects are efficiently coordinated. Focusing on the advantages of natural gas pressure energy generation, mining explosion-proof refrigeration equipment, steam compression, process gas compression and other segmented markets, we will solidly explore with the help of professional groups.

During the reporting period, the subsidiary of the Company, Bingshan Jiade, focused on energy-saving and intelligent control of cold and hot systems, and innovated and iterated development. The large-scale implementation of energy storage products and the two-way breakthrough of industrial energy-saving technology standardization continue to strengthen the leading advantage. Energy storage customers are expanding in an orderly manner, and energy storage orders are growing rapidly. The standardized energy-saving solution of "permanent magnet motor+universal frequency conversion+MPC algorithm" has been launched, and the customer application has started strongly.

During the reporting period, the subsidiary of the Company, Sonyo Compressor, achieved independent innovation and qualitative growth. After 218 days of hard work, the large-scale vortex intelligent workshop has been officially completed and launched. Actively innovate and upgrade to assist in the cooling transformation of data centers. Accelerate the development of overseas markets with the help of China Customs AEO advanced certification. The 160cc high-efficiency variable frequency scroll compressor for energy storage has been selected as an "innovative product" at the 2025 China Refrigeration Exhibition.

During the reporting period, the subsidiary of the Company, Sonyo Refrigeration, focused on industrial energy conservation and strengthened innovative growth. Winning multiple key projects including CNOOC Shell Huizhou Phase III Ethylene Project and MCC Jiaonai 2025 Lithium Bromide Unit Centralized Procurement. The intelligent hybrid air source heat pump unit has been selected as an "innovative product" at the 2025 China Refrigeration Exhibition. The marine lithium bromide absorption chiller/heater unit has been selected for the "2024 China Refrigeration Society Energy Conservation, Carbon Reduction, and Environmental Protection Product Catalog".

During the reporting period, the subsidiary of the Company, Sonyo Refrigerator, focused on product development and focused on the dual carbon and energy storage fields. The latest research and development of fluorine pump compressor composite integrated energy storage units, as well as orders for high-efficiency heat management heat exchange units for energy storage batteries, continue to grow. The carbon dioxide transcritical refrigeration system is widely used in commercial applications, and multiple projects of the sixth generation transcritical full injection refrigeration unit have been successfully delivered.

Main financial data variations as compared to the same period of last year

Monetary unit: RMB Yuan

	Report period	Same period of last year	Increase or decrease from the same period of last year	Reason for variation
Operating revenue	2,401,232,729.35	2,463,277,349.70	-2.52%	
Operating cost	2,009,227,455.97	2,057,904,806.74	-2.37%	
Selling and distribution expenses	106,756,811.87	110,159,991.36	-3.09%	
Administrative expenses	122,649,899.56	121,498,382.07	0.95%	
Financial expenses	5,470,595.13	12,342,559.76	-55.68%	
Income tax	11,443,201.02	11,651,682.59	-1.79%	
R&D expenses	69,166,325.91	78,544,862.47	-11.94%	
Net cash flow coming from operating activities	-1,032,514.46	-32,585,984.75	-	

Net cash flow coming from investment activities	-58,142,156.93	2,166,996.85	-	
Net cash flow coming from fund-raising activities	-116,720,324.16	-92,008,608.30	-26.86%	
Net increase in cash and cash equivalents	-172,142,356.05	-120,146,306.61	-43.28%	

The net cash flow generated from operating activities has significantly increased year-on-year, mainly due to an increase in sales orders and improved collection of payments;

The net cash flow generated from investment activities decreased significantly year-on-year, mainly due to the disposal of machinery and equipment by Sonyo Compressor in the same period last year;

The net cash flow generated from financing activities has significantly decreased year-on-year, mainly due to the reduction in bank borrowings obtained in the current period.

Sales income and costs

	Report period		Same period of last year		Increase or decrease from the same period of last year
	Amount	Proportion to the Sales costs	Amount	Proportion to the Sales costs	
Total sales income	2,401,232,729.35	100%	2,463,277,349.70	100%	-2.52%
By industry					
Refrigeration and air-conditioning equipment	2,362,230,695.01	98.38%	2,386,331,445.01	96.88%	-1.01%
Others	39,002,034.34	1.62%	76,945,904.69	3.12%	-49.31%
By product					
Industrial products	1,603,810,566.48	66.79%	1,716,685,325.75	69.69%	-6.58%
Installation project	736,214,313.56	30.66%	659,660,080.04	26.78%	11.61%
Other products and services	61,207,849.31	2.55%	86,931,943.91	3.53%	-29.59%
Domestic sales	2,044,986,306.10	85.16%	2,111,543,473.72	85.72%	-3.15%
Foreign sales	356,246,423.25	14.84%	351,733,875.98	14.28%	1.28%

Main business structure

Monetary unit: RMB yuan

	Operating revenue	Operating costs	Gross profit	Increase/decrease of operating revenues from the same period of last year	Increase/decrease of operating costs from the same period of last year	Increase/decrease of gross profit from the same period of last year
By industry						
Refrigeration and air-conditioning	2,362,230,695.01	1,993,534,916.62	15.61%	-1.02%	-1.55%	Increase 0.44 percentage points
By product						
Industrial products	1,603,810,566.48	1,287,763,516.82	19.71%	-7.04%	-8.80%	Increase 1.32 percentage points
Installation project	736,214,313.56	687,979,569.56	6.55%	10.40%	10.68%	Decrease 0.29 percentage points
Other products and services	22,205,814.97	17,791,830.24	19.88%	55.03%	50.48%	Increase 8.10 percentage points
By region						
Domestic sales	2,005,984,271.76	1,712,623,729.22	14.62%	-1.43%	-2.21%	Increase 0.65 percentage points
Foreign sales	356,246,423.25	280,911,187.40	21.15%	1.27%	2.47%	Decrease 0.96 percentage points

IV. Analysis of the non-main business

□ Applicable √ Not applicable

V. Analysis of assets & liabilities**1. Remarkable change in assets**

Monetary unit: RMB yuan

	30-6-2025		31-12-2024		Proportion increase/decrease.
	Amount	Proportion to the total assets	Amount	Proportion to the total assets	
Monetary funds	860,428,396.51	11.53%	1,042,143,744.67	13.66%	Decrease 2.13 percentage points
Accounts receivable	1,752,845,873.73	23.50%	1,492,234,348.90	19.56%	Increase 3.94 percentage points
Contract assets	188,053,458.00	2.52%	184,760,940.32	2.42%	Increase 0.10 percentage points
Inventories	1,245,158,273.82	16.69%	1,393,653,788.81	18.27%	Decrease 1.58 percentage points
Investment property	139,837,714.81	1.87%	117,931,720.24	1.55%	Increase 0.32 percentage points
Long-term equity investment	502,740,106.90	6.74%	481,973,415.36	6.32%	Increase 0.42 percentage points
Fixed assets	1,201,658,993.95	16.11%	1,211,794,069.63	15.89%	Increase 0.22 percentage points
Construction in progress	56,535,562.26	0.76%	86,221,660.80	1.13%	Decrease 0.37 percentage points
Right of use assets	19,682,311.57	0.26%	23,318,732.46	0.31%	Decrease 0.05 percentage points
Short-term loans	150,038,710.69	2.01%	167,283,407.26	2.19%	Decrease 0.18 percentage points
Contract liabilities	477,594,504.16	6.40%	645,711,808.53	8.46%	Decrease 2.06 percentage point
Long-term loans	422,950,000.00	5.67%	547,346,541.25	7.18%	Decrease 1.51 percentage points
Lease liabilities	13,540,801.22	0.18%	19,071,845.78	0.25%	Decrease 0.07 percentage points

2. The main overseas assets

□ Applicable √ Not applicable

3. Assets & liabilities which are measured by fair value

√ Applicable □ Not applicable

The beginning number is 1,683,852.59 yuan for other non-current financial assets measured by fair value. There was no change during the reporting period, and the final number is 1,683,852.59 yuan.

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

√ Applicable □ Not applicable

Items	2025.6.30	Reasons
Monetary fund	30,773,360.66	Guarantee money; Frozen funds in bank accounts
Notes Receivable	7,680,962.04	Pledge
Fixed assets	96,530,705.63	Pledge
Intangible assets	8,266,573.44	Pledge
Financing of receivables	72,147,362.65	Pledge
investment property	39,307,513.52	Pledge

VI. Analysis of investments**1. The overall situation**

√ Applicable □ Not applicable

Investment in the report period (yuan)	Investment in the same period of last year (yuan)	Amount of variation
58,382,614.61	33,848,073.69	72.48%

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

(2) Derivative investment

□Applicable √ Not applicable

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

VII. The material assets and equity sale**1. The material assets sale**

□Applicable √Not applicable

2. The material equity sale

□ Applicable √ Not applicable

VIII. 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
Sonyo Compressor	mutual shareholding company	Scroll Compressor	442,396,700 yuan	172, 728	124, 893	70, 195	5, 721
Bingshan Metal Technology	mutual shareholding company	Pipe system connectors, high-speed rail connectors, hydraulic valve bodies, automotive engine parts, etc.	USD 18.0645 million	31, 905	26, 587	22, 305	2, 784

Subsidiary companies obtained or disposed in the reporting period

√ Applicable □ Not applicable

The scope of consolidation at the end of the reporting period increased by one compared to the beginning of the year, which is Dalian Bingshan Engineering & Trading (Hong Kong) Co., Ltd.

IX. The structured corporate bodies which the Company controlled

□Applicable √Not applicable

X. Main risks the company faces and response measures**(1)Increasing market competition risk**

Countermeasures: focus on hot and cold industries, deeply cultivate segmented markets; quickly enhance product and engineering capabilities; orderly improving the level of intelligent manufacturing and service-oriented manufacturing; accelerate the transformation and upgrading of inherent undertakings, improve quality and efficiency; accelerate the cultivation of new driving forces and increase differentiated competitive advantages.

(2)Risk of high level of trade receivables

Countermeasures: gradually increase the proportion of self product revenue, 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.

Section 4 Corporate governance

I. Changes of directors, supervisors, senior managers of the Company

☐ Applicable ☒ Not applicable

II. Profit distribution and dividend payment

☐ Applicable ☒ Not applicable

III. The implementation and effect of equity incentive

☐ Applicable ☒ Not applicable

IV. Major environmental issues

Whether the Company and its major subsidiaries are included in the list of enterprises that are required to disclose environmental information in accordance with the law

☒ Yes ☐ No

Company Name	Query index
Wuhan New World Refrigeration Industry Co., Ltd	http://219.140.164.18:8007/hbyfpl/frontal/index.html#/home/index
Sonyo Compressor (Dalian) Co., Ltd.	https://sthj.deing.cn:8180/Public/Enter/f63ea986-6c8f-4618-8a53-b99092300b69/Annual/654382797975557

V. Social responsibilities

In the first half of 2025, the Company continued to consolidate and expand the achievements of poverty alleviation and rural revitalization. It organized volunteers to visit the Bingshan Hope School in Yishili Pu Sub-district, Jinzhou District many times to provide love and assistance to students in need. It also delivered heating equipment, cotton-padded clothes and shoes, rice, flour and oil and other daily necessities to the families of students in need, achieving good results and social responses.

Section 5 Important items

I. Commitments made by the actual controller, shareholders, related parties, purchasers, the company and other relevant parties that have completed their performance during the reporting period and have not completed their performance as of the end of the reporting period

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

III. Foreign guarantee in violation of regulations

☐ Applicable ☒ Not applicable

IV. Engagement and dismissal of the accounting firm

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

VII. Bankruptcy restructuring related matters

☐ Applicable ☒ Not applicable

VIII. Major lawsuit issues

☐ Applicable ☒ Not applicable

The Company had no major lawsuit issues in the reporting period.

IX. Punishment and rectification

☐ Applicable ☒ Not applicable

X. 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.

XI. Important associated transactions

1. Important associated transactions

In the reporting period, the total amount of normal associated transactions between the Company and associated parties was 463,470 thousand yuan, accounting for 47.63% of the budgeted amount for the year 2025. This included 140,130 thousand yuan, accounting for 44.77% of the budgeted amount for the year 2025, for purchasing supporting products for package projects from associated parties, and 323,340 thousand yuan, accounting for 48.99% of the budgeted amount for the year 2024, from selling supporting parts and components to associated parties.

2. Associated transactions related to purchases or sales of assets

☐ Applicable ☒ Not applicable

3. Important associated transactions with joint external investments

☐ Applicable ☒ Not applicable

4. Current associated rights of credit and liabilities

☐ Applicable ☒ Not applicable

5. Current associated rights of credit and liabilities with related financial companies or financial companies that the company holds

☐ Applicable ☒ Not applicable

6. Other associated transactions

☒ Applicable ☐ Not applicable

In order to solve the problems left over from history, ensure the integration of real estate and reduce business risks, the Company's subsidiary, Sonyo Compressor (Dalian) Co., Ltd. ("Sonyo Compressor

"), participated in the auction of the land use right of the state-owned transferred land after the approval of the fourth board meeting of the tenth session of the Company. At present, Sonyo Compressor has submitted an application for delisting and the matter is progressing normally.

XII. 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 Company signed rental contract with MHI Bingshan Refrigeration (Dalian) Co., Ltd., and rent # 6 workshop building located on No. 106 Liaohe East Rd, Dalian Economic and Technology Development Zone to MHI Bingshan Refrigeration (Dalian) Co., Ltd. The rental area is 15,259.04 square meters, and the rental term till 16th July, 2029. The annual rent fee for the current reporting period is RMB 1.9 million Yuan.

The Company signed rental contract with Dalian Bingshan Wisdom Park Co., Ltd., and rent out the whole land and house of the Company's old plant locating at No. 888, Southwest Road, Shahekou District, Dalian to Dalian Bingshan Wisdom Park Co., Ltd., with rental land area of 167,165.61 square meters and housing area of 105,652.43 square meters. The lease term is from April 1, 2017 to December 31, 2036. The annual rent fee for the current reporting period is RMB 4.51 million Yuan.

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 Shandong Jiechuang Energy Technology Co., Ltd., Shaanxi Yiming Food Co., Ltd. and Jilin Fuyu Agricultural Technology Co., Ltd. based on financing leasing business, which lasted until the reporting period. The projects are 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 above guarantee matters have been reviewed by the board of directors and are being fulfilled normally.

3. Entrusted Financial Management

☐ Applicable ☒ Not applicable

4. Major contract of daily operation

☐ Applicable ☒ Not applicable

5. Other important contracts

☐ Applicable ☒ Not applicable

XIII. Description of other important matters

☐ Applicable ☒ Not applicable

XV. Major matters of the company's subsidiaries

☐ Applicable ☒ Not applicable

Section 6 Change in Share Capital and Shareholders' Information

I. Change in share capital

1. Change in share capital

items	Shares (before change)		Changes	Shares (after change)	
	number	proportion		number	proportion
I. Non-circulating share capital with restricted trade conditions	1, 673, 662	0. 20%	-2, 618	1, 671, 044	0. 20%
Other domestic shares	1, 673, 662	0. 20%	-2, 618	1, 671, 044	0. 20%
II. Circulating share capital	841, 538, 845	99. 80%	2, 618	841, 541, 463	99. 80%
1. Domestically listed ordinary shares	600, 038, 845	71. 16%	2, 618	600, 041, 463	71. 16%
2. Domestically listed foreign shares	241, 500, 000	28. 64%	0	241, 500, 000	28. 64%
III. Total shares	843, 212, 507	100. 00%	0	843, 212, 507	100. 00%

The reason for the Change in share capital

☐ Applicable ☒ Not applicable

Approval of changes in shares

☐ Applicable ☒ Not applicable

The influence of change in share capital on the recent year and recent issue for basic earnings per share ,diluted earnings per share and net assets per share.

☐ Applicable ☒ Not applicable

2. The restricted shares changes

☐ Applicable ☒ Not applicable

II. Securities issuance and listing

1. Securities issuance in the report period

☐ Applicable ☒ Not applicable

III. Shareholders and actual controller

1.Number of shareholders and their shareholding

Total number of shareholders in the reporting period	67,572	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%	170,916,934.00	0	0
Sanyo Electric Co., Ltd.	Overseas legal person	8.72%	73,503,150.00	0	0
Zou Changling	Domestic natural person	0.81%	6,830,000.00	0	0
Lin Zhenming	Foreign natural person	0.80%	6,710,000.00	0	0
Xue Hong	Domestic natural person	0.43%	3,660,000.00	0	0
Chen Niansheng	Domestic natural person	0.39%	3,249,000.00	0	0
Shen Kemin	Domestic natural person	0.37%	3,115,800.00	0	0
Zhang Lianyun	Domestic natural person	0.28%	2,331,500.00	0	0
Chen Naisheng	Domestic natural person	0.27%	2,311,330.00	0	0
Jiang Wenliang	Domestic natural person	0.25%	2,080,000.00	0	0
Shareholding of top ten shareholders without sale restriction					

Name	Number of shares without sale restriction	Type of shares
Dalian Bingshan Group Co., Ltd.	170,916,934.00	RMB denominated ordinary shares
Sanyo Electric Co., Ltd.	73,503,150.00	Domestically listed foreign shares
Zou Changling	6,830,000.00	RMB denominated ordinary shares
Lin Zhenming	6,710,000.00	Domestically listed foreign shares
Xue Hong	3,660,000.00	Domestically listed foreign shares
Chen Niansheng	3,249,000.00	RMB denominated ordinary shares
Shen Kemin	3,115,800.00	RMB denominated ordinary shares
Zhang Lianyun	2,331,500.00	RMB denominated ordinary shares
Chen Naisheng	2,311,330.00	RMB denominated ordinary shares
Jiang Wenliang	2,080,000.00	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 67,572, including 60,416 A-share shareholders and 7,156 B-share shareholders.

If the Company shareholders had any agreed repurchase transaction in the report period

☐ Yes ☒ No

IV. Changes in shareholding of directors, supervisors and senior managers

☐ Applicable ☒ Not applicable

V. Variation in controlling shareholders or actual controllers

Variation in controlling shareholders in the report period

☐ Applicable ☒ Not applicable

There were no changes in the controlling shareholder in the reporting period.

Variation in actual controllers in the report period

☐ Applicable ☒ Not applicable

VI. Information on Preferred Stock

☐ Applicable ☒ Not applicable

Section 7 Bond Related Information

☐ Applicable ☒ Not applicable

In the reporting period, the Company didn't own Bond.

Section 8 Financial Report

I. The Company's semiannual financial report has not been audited.

II. Accounting statement

BALANCE SHEET

Prepared by Bingshan Refrigeration & Heat Transfer Technologies Co., Ltd. June 30, 2025 Unit: RMB Yuan

Items	30-June-2025		1-Jan-2025	
	Consolidation	Parent Company	Consolidation	Parent Company
Current assets:				
Monetary funds	860,428,396.51	189,255,337.81	1,042,143,744.67	256,913,490.58
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	331,799,220.54	88,744,446.52	352,854,863.48	72,589,334.53
Accounts receivable	1,745,936,350.79	530,603,575.44	1,492,234,348.90	466,964,861.72
Receivables financing	267,919,608.64	8,111,750.52	382,073,283.27	4,679,597.82
Accounts paid in advance	203,921,950.25	82,310,274.39	164,042,640.06	85,421,842.41
Other receivables	53,375,625.74	35,787,831.44	45,759,566.06	128,957,016.22
Interest receivables				
Dividend receivable	3,767,645.29	3,767,645.29	11,150.00	100,000,000.00
Inventories	1,245,158,273.82	319,878,811.10	1,393,653,788.81	325,468,330.52
Contract assets	188,053,458.00	88,706,528.24	184,760,940.32	73,359,376.07
Assets held for sale				
Non-current asset due within one year	57,550.43		57,550.43	
Other current assets	20,545,184.31	865,457.96	27,636,378.46	9,963,685.06
Total current assets	4,917,195,619.03	1,344,264,013.42	5,085,217,104.46	1,424,317,534.93
Non-current assets:				
Finance asset held available for sales				
Held-to-maturity investment				
Long-term account receivable	144,227.06		140,017.84	
Long-term equity investment	502,740,106.90	2,931,476,813.83	481,973,415.36	2,906,530,622.51
Other Non-current financial assets	1,683,852.59	368,710.09	1,683,852.59	368,710.09
Investment property	139,837,714.81	79,620,870.71	117,931,720.24	81,939,998.15
Fixed assets	1,201,658,993.95	568,846,809.58	1,211,794,069.63	591,199,135.48
Construction in progress	56,535,562.26	35,385,721.41	86,221,660.80	27,671,778.14
Right of use assets	19,682,311.57	22,974,252.58	23,318,732.46	10,576,907.44
Engineering material				
Disposal of fixed asset				
Productive biological asset				
Oil and gas asset				
Intangible assets	196,708,333.20	64,099,081.10	203,999,076.19	66,109,306.96

Expense on Research and Development				
Goodwill	286,402,171.93		286,402,171.93	
Long-term expenses to be apportioned	6,313,010.92	2,808,495.21	5,719,603.26	3,315,026.79
Deferred income tax asset	104,469,271.91	33,819,917.51	103,752,827.71	33,187,901.79
Other non-current asset	20,161,234.88		20,161,234.88	
Total non-current asset	2,536,336,791.98	3,739,400,672.02	2,543,098,382.89	3,720,899,387.35
Total assets	7,453,532,411.01	5,083,664,685.44	7,628,315,487.35	5,145,216,922.28
Current liabilities:				
Short-term loans	150,038,710.69	90,000,000.00	167,283,407.26	120,327,137.01
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	506,074,828.40	113,263,226.56	569,117,426.19	108,226,992.06
Accounts payable	1,748,249,861.06	411,969,358.93	1,601,381,790.80	351,385,116.46
Accounts received in advance				
Contract liabilities	477,594,504.16		645,711,808.53	104,206,582.50
Wage payable	63,696,220.62		146,734,696.02	11,354,626.22
Taxes payable	23,808,633.68		30,276,580.76	12,135,282.22
Other accounts payable	262,577,735.03		227,361,207.96	109,923,634.05
Interest payable				
Dividend payable	42,693,781.35	42,693,781.35	533,156.00	533,156.00
Liabilities held for sale				
Non-current liabilities due within one year	206,381,198.16	182,224,055.42	161,421,072.72	140,940,549.56
Other current liabilities	199,958,362.35	79,781,520.25	191,009,526.67	73,756,610.21
Total current liabilities	3,638,380,054.15	1,119,770,511.70	3,740,297,516.91	1,032,256,530.29
Non-current liabilities:				
Long-term loans	422,950,000.00	417,200,000.00	547,346,541.25	541,046,541.25
Bonds payable				
Preferred stock				
Perpetual bond				
Lease liability	13,540,801.22	17,651,265.91	19,071,845.78	8,626,368.06
Long-term account payable	22,165,994.87		12,451,396.59	
Long-term wage payable				
Special Payable				
Anticipation liabilities	2,968,955.79		2,703,369.53	
Deferred income	97,930,030.07	61,393,819.39	90,733,480.29	54,972,980.29
Deferred income tax liabilities	24,578,413.20		26,601,881.56	
Other non-current liabilities				
Total non-current liabilities	584,134,195.15	496,245,085.30	698,908,515.00	604,645,889.60
Total liabilities	4,222,514,249.30	1,616,015,597.00	4,439,206,031.91	1,636,902,419.89
Shareholders' equity				
Share capital	843,212,507.00	843,212,507.00	843,212,507.00	843,212,507.00

Other equity instruments				
Preferred stock				
Perpetual bond				
Capital public reserve	717,097,098.38	755,146,592.54	717,097,098.38	755,146,592.54
Less: Treasury stock				
Other comprehensive income	2,208,669.73	755,146,592.54	2,208,669.73	1,246,569.06
Special preparation	1,531,905.35		449,374.96	
Surplus public reserve	910,830,538.64	910,830,538.64	895,618,513.69	895,618,513.69
Generic risk reserve				
Retained profit	696,134,585.42	957,212,881.20	673,966,177.84	1,013,090,320.10
Total owner's equity attributable to parent company	3,171,015,304.52		3,132,102,966.64	
Minority interests	60,002,857.19		57,006,488.80	
Total owner's equity	3,231,018,161.71	3,467,649,088.44	3,189,109,455.44	3,508,314,502.39
Total liabilities and shareholder's equity	7,453,532,411.01	5,083,664,685.44	7,628,315,487.35	5,145,216,922.28

Legal Representative: Ji Zhijian

Chief Financial Official: Wang Jinxiu

Person in Charge of Accounting Organization: Wu Bin

INCOME STATEMENT

Prepared by Bingshan Refrigeration & Heat Transfer Technologies Co., Ltd. January-June, 2025 Unit: RMB Yuan

Items	January-June, 2025		January-June, 2024	
	Consolidation	Parent Company	Consolidation	Parent Company
I. Total sales	2, 401, 232, 729. 35	443, 470, 670. 15	2, 463, 277, 349. 70	404, 710, 898. 61
II. Total operating cost	2, 329, 527, 483. 72	443, 470, 670. 15	2, 397, 140, 315. 69	404, 710, 898. 61
Including: Operating cost	2, 009, 227, 455. 97	382, 684, 101. 95	2, 057, 904, 806. 74	339, 217, 302. 07
Taxes and associate charges	16, 256, 395. 28	5, 477, 205. 69	16, 689, 713. 29	5, 763, 490. 09
Selling and distribution expenses	106, 756, 811. 87	14, 581, 396. 27	110, 159, 991. 36	19, 927, 691. 26
Administrative expenses	122, 649, 899. 56	39, 402, 674. 11	121, 498, 382. 07	34, 913, 506. 10
R&D expenses	69, 166, 325. 91	9, 834, 164. 03	78, 544, 862. 47	15, 423, 258. 65
Financial expense	5, 470, 595. 13	8, 693, 536. 73	12, 342, 559. 76	13, 823, 860. 36
Including: interest expense	12, 476, 605. 05	8, 398, 665. 12	17, 709, 510. 30	13, 883, 042. 92
interest income	3, 358, 019. 55	292, 579. 75	5, 243, 901. 48	548, 479. 34
Add: Other income	8, 772, 014. 23	2, 425, 847. 98	17, 755, 779. 69	1, 535, 146. 86
Gain/(loss) from investment	23, 176, 138. 30	22, 713, 836. 61	22, 493, 222. 27	27, 406, 700. 78
Including: income from investment on affiliated enterprise and jointly enterprise	24, 534, 336. 83	22, 713, 836. 61	17, 218, 698. 46	16, 979, 803. 35
Gain/(loss) from change in fair value (loss as “-“)			-14, 510, 310. 64	-14, 510, 310. 64
Credit impairment loss (loss as “-“)	-9, 867, 953. 80	-2, 896, 832. 18	-16, 406, 220. 89	-5, 253, 420. 94
Assets impairment loss (loss as “-“)	-3, 708, 578. 42	-4, 487, 134. 99	4, 917, 988. 18	-1, 332, 255. 11
Gain/(loss) from asset disposal (loss as “-“)	-63, 648. 71		10, 550, 303. 70	2, 703. 81
III. Operating profit	90, 013, 217. 23	553, 308. 79	90, 937, 796. 32	-16, 509, 645. 16
Add: non-business income	5, 534, 007. 15	308, 508. 80	5, 475, 673. 43	4, 624. 78
Less: non-business expense	1, 566, 597. 08	116, 697. 85	5, 508, 956. 59	504, 989. 76
IV. Total profit	93, 980, 627. 30	745, 119. 74	90, 904, 513. 16	-17, 010, 010. 14
Less: Income tax	11, 443, 201. 02	-750, 091. 66	11, 651, 682. 59	-2, 490, 563. 24
V. Net profit	82, 537, 426. 28	1, 495, 211. 40	79, 252, 830. 57	-14, 519, 446. 90
(I) Net profit from continuous operation	82, 537, 426. 28	1, 495, 211. 40	79, 252, 830. 57	-14, 519, 446. 90
(II) Net profit from discontinuing operation				
Net profit attributable to parent company	79, 541, 057. 88		78, 529, 977. 92	
Minority shareholders’ gains and losses	2, 996, 368. 40		722, 852. 65	
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				
.....				
After-tax net amount of other comprehensive incomes attributable to minority shareholders				
VII Total comprehensive income	82, 537, 426. 28	1, 495, 211. 40	79, 252, 830. 57	-14, 519, 446. 90
Total comprehensive income attributable to parent company	79, 541, 057. 88		78, 529, 977. 92	
Total comprehensive income attributable to minority shareholders	2, 996, 368. 40		722, 852. 65	
VIII. Earnings per share				
(I) basic earnings per share	0. 09		0. 09	
(II) diluted earnings per share	0. 09		0. 09	

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

CASH FLOW STATEMENT

Prepared by Bingshan Refrigeration & Heat Transfer Technologies Co., Ltd. January -June, 2025 Unit: RMB Yuan

Items	January -June, 2025		January -June, 2024	
	Consolidation	Parent Company	Consolidation	Parent Company
I. Cash flows arising from operating activities:				
Cash received from selling commodities and providing labor services	2, 052, 666, 718. 55	301, 942, 216. 64	1, 907, 077, 005. 37	356, 957, 447. 68
Write-back of tax received	30, 136, 813. 41	7, 773, 364. 19	18, 755, 550. 59	
Other cash received concerning operating activities	52, 565, 964. 76	15, 930, 701. 50	63, 426, 981. 44	10, 607, 266. 66
Subtotal of cash inflow arising from operating activities	2, 135, 369, 496. 72	325, 646, 282. 33	1, 989, 259, 537. 40	367, 564, 714. 34
Cash paid for purchasing commodities and receiving labor service	1, 497, 200, 184. 21	248, 289, 092. 96	1, 393, 125, 399. 43	407, 046, 581. 00
Cash paid to/for staff and workers	426, 808, 924. 81	58, 113, 306. 87	407, 925, 055. 02	61, 958, 999. 87
Taxes paid	89, 098, 284. 19	23, 062, 915. 04	96, 739, 099. 30	15, 612, 910. 27
Other cash paid concerning operating activities	123, 294, 617. 97	24, 732, 332. 92	124, 055, 968. 40	24, 913, 279. 32
Subtotal of cash outflow arising from operating activities	2, 136, 402, 011. 18	354, 197, 647. 79	2, 021, 845, 522. 15	509, 531, 770. 46
Net cash flows arising from operating activities	-1, 032, 514. 46	-28, 551, 365. 46	-32, 585, 984. 75	-141, 967, 056. 12
II. Cash flows arising from investing activities:				
Cash received from recovering investment				
Cash received from investment income	11, 150. 00	100, 000, 000. 00	4, 378, 498. 20	114, 364, 003. 20
Net cash received from disposal of fixed, intangible and other long-term assets	229, 307. 68		31, 636, 572. 34	
Net cash received from disposal of subsidiaries and other units				
Other cash received concerning investing activities	50, 000, 000. 00			
Subtotal of cash inflow from investing activities	50, 240, 457. 68	100, 000, 000. 00	36, 015, 070. 54	114, 364, 003. 20
Cash paid for purchasing fixed, intangible and other long-term assets	58, 382, 614. 61	9, 354, 241. 46	33, 848, 073. 69	2, 253, 533. 50
Cash paid for investment		3, 000, 000. 00		16, 000, 000. 00
Net cash paid for achievement of subsidiaries and other business units				
Other cash paid concerning investing activities	50, 000, 000. 00			
Subtotal of cash outflow from investing activities	108, 382, 614. 61	12, 354, 241. 46	33, 848, 073. 69	18, 253, 533. 50
Net cash flows arising from investing activities	-58, 142, 156. 93	87, 645, 758. 54	2, 166, 996. 85	96, 110, 469. 70
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	132, 102, 821. 74	90, 000, 000. 00	252, 063, 418. 15	209, 000, 000. 00
Cash received from issuing bonds				
Other cash received concerning financing activities	5, 943, 611. 11		13, 464, 836. 83	
Subtotal of cash inflow from financing activities	138, 046, 432. 85	90, 000, 000. 00	265, 528, 254. 98	209, 000, 000. 00
Cash paid for settling debts	223, 984, 656. 45	204, 729, 166. 67	282, 052, 013. 02	248, 700, 000. 00
Cash paid for dividend and profit distributing or interest paying	9, 837, 390. 66	8, 160, 879. 18	14, 844, 254. 68	13, 433, 120. 25
Including: dividends or profit paid by subsidiaries to minority shareholders				
Other cash paid concerning financing activities	20, 944, 709. 90	2, 952, 500. 00	60, 640, 595. 58	9, 783, 735. 91

Subtotal of cash outflow from financing activities	254,766,757.01	215,842,545.85	357,536,863.28	271,916,856.16
Net cash flows arising from financing activities	-116,720,324.16	-125,842,545.85	-92,008,608.30	-62,916,856.16
IV. Influence on cash due to fluctuation in exchange rate	3,752,639.50		2,281,289.59	644.35
V. Net increase of cash and cash equivalents	-172,142,356.05	-66,748,152.77	-120,146,306.61	-108,772,798.23
Add: Balance of cash and cash equivalents at the period - begin	951,579,683.60	253,995,179.54	670,440,335.98	173,113,251.05
VI. Balance of cash and cash equivalents at the period-end	779,437,327.55	187,247,026.77	550,294,029.37	64,340,452.82

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

CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

Prepared by Bingshan Refrigeration & Heat Transfer Technologies Co., Ltd 2025.01-06 Unit: RMB Yuan

Items	2025.01-06								
	Owners' equity attributable to parent company							Minority equity	Total of owners' equity
	share capital	Capital suplus	Lessen: treasury stock	Other comprehens ive income	Special preparation	Surplus reserve	Retained profits		
I. balance at the end of last year	843, 212, 507. 00	717, 097, 098. 38		2, 208, 669. 73		895, 618, 513. 69	673, 966, 177. 84	57, 006, 488. 80	3, 189, 109, 455. 44
1. Change of accounting policy									
2. Correction of errors in previous period									
II. Balance at the beginning of this year	843, 212, 507. 00	717, 097, 098. 38		2, 208, 669. 73		895, 618, 513. 69	673, 966, 177. 84	57, 006, 488. 80	3, 189, 109, 455. 44
III. Increase/ decrease of amount in this year ("-" means decrease)					1, 531, 905. 35	15, 212, 024. 95	22, 168, 407. 58	2, 996, 368. 39	41, 908, 706. 27
(I) Total comprehensive incomes							79, 541, 057. 88	2, 996, 368. 39	82, 537, 426. 27
(II) Capital increased and reduced by owners									
1. Common shares increased by shareholders									
2. Capital increased by holders of other equity instruments									
3. Amounts of share-based payments recognized in owners' equity									
4. Other									
(III) Profit distribution						15, 212, 024. 95	-57, 372, 650. 30		-42, 160, 625. 35
1. Withdrawing surplus public reserve						15, 212, 024. 95	-15, 212, 024. 95		
2. Distribution to all owners (shareholders)							-42, 160, 625. 35		-42, 160, 625. 35
3. Others									
(IV) Internal carrying forward of owners' equity									
1. New increase of share capital from capital reserves									
2. Convert surplus reserves to share capital									
3. Surplus reserves make up losses									
4. Others									
(V) Specific reserve					1, 531, 905. 35				1, 531, 905. 35
1. Withdrawn for the period					6, 326, 404. 28				6, 326, 404. 28
2. Used in the period					4, 794, 498. 93				4, 794, 498. 93
(VI) Other									
IV. Balance at the end of this period	843, 212, 507. 00	717, 097, 098. 38		2, 208, 669. 73	1, 531, 905. 35	910, 830, 538. 64	696, 134, 585. 42	60, 002, 857. 19	3, 231, 018, 161. 71

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

Items	2024.01-06								
	Owners' equity attributable to parent company							Minority equity	Total of owners' equity
	share capital	Capital surplus	Lessen: treasury stock	Other comprehensive income	Special preparation	Surplus reserve	Retained profits		
I. balance at the end of last year	843,212,507.00	717,097,098.38		2,208,669.73	449,374.96	867,159,439.34	617,386,488.34	56,528,848.12	3,104,042,425.87
1. Change of accounting policy									
2. Correction of errors in previous period									
II. Balance at the beginning of this year	843,212,507.00	717,097,098.38		2,208,669.73	449,374.96	867,159,439.34	617,386,488.34	56,528,848.12	3,104,042,425.87
III. Increase/ decrease of amount in this year ("-" means decrease)					772,544.07	20,853,061.88	32,380,540.83	-1,617,147.37	52,388,999.41
(I) Total comprehensive incomes							78,529,977.92	722,852.65	79,252,830.57
(II) Capital increased and reduced by owners									
1. Common shares increased by shareholders									
2. Capital increased by holders of other equity instruments									
3. Amounts of share-based payments recognized in owners' equity									
4. Other									
(III) Profit distribution						20,853,061.88	-46,149,437.09	-2,340,000.02	-27,636,375.23
1. Withdrawing surplus public reserve						20,853,061.88	-46,149,437.09		-25,296,375.21
2. Distribution to all owners (shareholders)								-2,340,000.02	-2,340,000.02
3. Others									
(IV) Internal carrying forward of owners' equity									
1. New increase of share capital from capital reserves									
2. Convert surplus reserves to share capital									
3. Surplus reserves make up losses									
4. Others									
(V) Specific reserve					772,544.07				772,544.07
1. Withdrawn for the period					772,544.07				772,544.07
2. Used in the period									
(VI) Other									
IV. Balance at the end of this period	843,212,507.00	717,097,098.38		2,208,669.73	1,221,919.03	888,012,501.22	649,767,029.17	54,911,700.75	3,156,431,425.28

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

STATEMENT OF CHANGES IN OWNERS' EQUITY

Items	2025.01-06								
	Owners' equity attributable to parent company								Total of owners' equity
	share capital	Other equity instrument	Capital surplus	Lessen: treasury stock	Other comprehensive income	Special preparation	Surplus reserve	Retained profits	
I. balance at the end of last year	843,212,507.00		755,146,592.54		1,246,569.06		895,618,513.69	1,013,090,320.10	3,508,314,502.39
1. Change of accounting policy									
2. Correction of errors in previous period									
II. Balance at the beginning of this year	843,212,507.00		755,146,592.54		1,246,569.06		895,618,513.69	1,013,090,320.10	3,508,314,502.39
III. Increase/ decrease of amount in this year ("-" means decrease)							15,212,024.95	-55,877,438.90	-40,665,413.95
(I) Total comprehensive incomes								1,495,211.40	1,495,211.40
(II) Capital increased and reduced by owners									
1. Common shares increased by shareholders									
2. Capital increased by holders of other equity instruments									
3. Amounts of share-based payments recognized in owners' equity									
4. Other									
(III) Profit distribution							15,212,024.95	-57,372,650.30	-42,160,625.35
1. Withdrawing surplus public reserve							15,212,024.95	-15,212,024.95	
2. Distribution to all owners (shareholders)								-42,160,625.35	-42,160,625.35
3. Others									
(IV) Internal carrying forward of owners' equity									
1. New increase of share capital from capital reserves									
2. Convert surplus reserves to share capital									
3. Surplus reserves make up losses									
4. Others									
(V) Specific reserve									
1. Withdrawn for the period						2,345,553.55			2,345,553.55
2. Used in the period						2,345,553.55			2,345,553.55
(VI) Other									
IV. Balance at the end of this period	843,212,507.00		755,146,592.54		1,246,569.06		910,830,538.64	957,212,881.20	3,467,649,088.44

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

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

2025.01-06

Unit: RMB

Items	2024.01-06								
	Owners' equity attributable to parent company								Total of owners' equity
	share capital	Other equity instrument	Capital surplus	Lessen: treasury stock	Other comprehensive income	Special preparation	Surplus reserve	Retained profits	
I. balance at the end of last year	843, 212, 507. 00		755, 146, 592. 54		1, 246, 569. 06		867, 159, 439. 34	990, 785, 644. 93	3, 457, 550, 752. 87
1. Change of accounting policy									
2. Correction of errors in previous period									
II. Balance at the beginning of this year	843, 212, 507. 00		755, 146, 592. 54		1, 246, 569. 06		867, 159, 439. 34	990, 785, 644. 93	3, 457, 550, 752. 87
III. Increase/ decrease of amount in this year ("-" means decrease)							20, 853, 061. 88	-60, 668, 883. 99	-39, 815, 822. 11
(I) Total comprehensive incomes								-14, 519, 446. 90	-14, 519, 446. 90
(II) Capital increased and reduced by owners									
1. Common shares increased by shareholders									
2. Capital increased by holders of other equity instruments									
3. Amounts of share-based payments recognized in owners' equity									
4. Other									
(III) Profit distribution							20, 853, 061. 88	-46, 149, 437. 09	-25, 296, 375. 21
1. Withdrawing surplus public reserve							20, 853, 061. 88	-20, 853, 061. 88	
2. Distribution to all owners (shareholders)								-25, 296, 375. 21	-25, 296, 375. 21
3. Others									
(IV) Internal carrying forward of owners' equity									
1. New increase of share capital from capital reserves									
2. Convert surplus reserves to share capital									
3. Surplus reserves make up losses									
4. Others									
(V) Specific reserve									
1. Withdrawn for the period						1, 403, 878. 98			1, 403, 878. 98
2. Used in the period						-1, 403, 878. 98			-1, 403, 878. 98
(VI) Other									
IV. Balance at the end of this period	843, 212, 507. 00		755, 146, 592. 54		1, 246, 569. 06		888, 012, 501. 22	930, 116, 760. 94	3, 417, 734, 930. 76

Legal Representative: Ji Zhijian

Chief Financial Official: Wang Jinxiu

Person in Charge of Accounting Organization: Wu Bin

III. General Information

Bingshan Refrigeration & Heat Transfer Technologies Co., Ltd (the “Company”) was reorganized and reformed from main part of former Dalian Refrigeration Factory. On December 8, 1993, the Company went to the public as a listed Company at Shenzhen Stock Exchange Market. On March 20, 1998, the company successfully went to the public at B share market and listed at Shenzhen Stock Exchange Market with total share capital of RMB350,014,975Yuan.

According to the 13th meeting of the 6th generation of board, extraordinary general meeting for 2015 fiscal year and 'Restricted share incentive plan (draft)', the Company planned to introduce A ordinary shares to incentive objectives, which was 10,150,000 number of shares would be granted to 41 share incentive objectives at granted price of RMB5.56Yuan per share. Up to March 12th, 2015, the Company received new added share capital of RMB10,150,000Yuan and the share capital had been verified by DaHua Certified Public Accountants, and had been issued the capital verification report Dahuayanzi [2015]000086 on March12th, 2015.

The general meeting for 2015 fiscal year held on 21st April 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 5th May 2016, and the registered capital was altered to 540,247,462.00Yuan.

The 17th meeting of the 6th generation of board was held on 4th June 2015 and the 2nd interim shareholders' meeting was held on 24th June 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 30th December, 2015, approving that new non-public offering cannot exceeded 38,821,954 number 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. The share capital stated above has been verified by DaHua Certified Public Accountants, and has been issued the capital verification report Dahuayanzi [2016]000457 on 31st May 2016.

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 13th September 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 20th, 2016 and set 20th September 2016 as share granted date, and granted 12,884,000 number of restricted shares to 188 incentive targets at granted price of 5.62Yuan per share. By 22nd November, 2016, the company has actually received the newly subscribed registered share capital of 12,884,000Yuan subscribed by incentive targets. The share capital stated above has been verified by DaHua Certified Public Accountants, and has been issued the capital verification report Dahuayanzi [2016]001138 on 23rd November, 2016.

On May 20th, 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 RMB856,478,181.00Yuan.

On December 18, 2017, the Company held the third extraordinary shareholders' meeting of 2017 which reviewed and approved the Proposal on Repurchasing and Cancelling Part Restricted Stocks of the 2016 Restricted Stock Incentive Plan". On March 8, 2018, after the completion of repurchase and cancellation, the Company implemented the corresponding capital reduction procedures according to law, and the registered capital of the Company was changed from 856,487,181 Yuan to 855,908,981 Yuan.

On May 4, 2018, the Company held the 21st meeting of the seventh board of directors which reviewed and approved the Proposal on Repurchasing and Cancelling Party Restricted Stocks of the 2015 Restricted Stock Incentive Plan. On June 29, 2018, after the completion of repurchase and cancellation, the Company implemented the corresponding capital reduction procedures according to law, and the registered capital of the Company was changed from 855,908,981 Yuan to 855,434,087 Yuan.

On January 17, 2019, the Company held the first extraordinary shareholders' meeting of 2019 which reviewed and approved the Proposal on terminating the implementation of 2016 Restricted Stock Incentive Plan of the Company and logging out the restricted stock. On March 4, 2019, the Company has completed the capital reduction process, and the registered capital of the Company was changed from 855,434,087 Yuan to 843,212,507 Yuan.

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 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).

This financial report was approved and issued by the Board of Directors of the Company on August 13, 2025.

IV. Financial Statements Preparation Basis

(1) Preparing basis

The group's financial statements are prepared according to the actual occurred transactions and events, and in accordance with 'Accounting Standards for Business Enterprises', its application guidelines, interpretations and other relevant provisions promulgated by the Ministry of Finance (collectively referred to as "Accounting Standards for Business Enterprises") and "No. 15 of Information Disclosure and Reporting Rules for Publicly Listed Companies - General Provisions for Financial Reports" (revised in 2023) promulgated by the China Securities Regulatory Commission (hereinafter referred to as the "CSRC").

(2) Going concern

The group has assessed the capacity to continually operate within 12 months since June 30, 2025, and hasn't found the major issues impacting on the sustainable operation ability. The Company's financial statements are prepared on the basis of going concern assumption.

V. Significant Accounting Policies and Accounting Estimates

1. Declaration for compliance with accounting standards for business enterprises

The financial statements are prepared in line with the requirements of Accounting Standard for Business Enterprise, and reflect the relative information of the financial position for the year ended as of December 31, 2023, operating performance, cash flow of the Company and the group for the year then ended truly and fully.

2. Accounting period

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

3. Operating cycle

The group sets twelve months for one operating cycle.

4. Functional currency

The group adopts RMB as functional currency.

5. Materiality criteria set up method and basis

The financial statements preparation and disclosure are in line with materiality. For those matters to be disclosed and need judgement for materiality, materiality criteria set up method and basis are as follows:

Disclosures involved by materiality judgement	In the notes to the financial statements	Materiality criteria set up method and basis
Significant receivables with individual provision for bad debts	Note VI.3	Single provision is over 10 million Yuan and represents more than 10% of the total provision
Collection or reverse of significant receivables	Note VI.3	Single provision is over 10 million Yuan and represents more than 10% of the total provision
Significant receivables written off	Note VI.3	Single provision is over 10 million Yuan and represents more than 10% of the total provision
Significant construction in progress	Note XVI.16	Single project budget over 30 million Yuan
Significant JV or associates	Note VIII.3	The book value of long-term equity investment in a single investee accounts for more than 10% of the group's net assets and the amount is greater than 100 million Yuan, or the gain or loss on investment under the long-term equity investment equity method accounts for more than 10% of the group's consolidated net profit
Significant subsidiary		Subsidiary's net assets are more than 10% of the group assets and its net profit is more than 10% of consolidated profit

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

(1) Business combination under the same control

Business combination under the same control is the situation where entities participating the merger are controlled by the same party or controlled by parties under same ultimate control before and after merger and the control is not temporary.

The group, as an acquirer, the assets and liabilities that the group obtained in a business combination under the same control should be measured on the basis of their carrying amount of the acquiree in the ultimate control party's 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.

(2) Business combination not under same control

Business combination not under the same control is the situation where entities participating the merger are not controlled by the same party or not controlled by parties under same ultimate control before and after merger.

When the group is an acquirer, for a business combination not under same control, the asset, liability and contingent liability obtained, shall be measured at the fair value on the acquisition date. 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.

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 fair value on acquisition date and recognize the gain or loss as investment income for the current period. Other comprehensive income, under equity method accounting rising 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 ne asset or liability of defined benefit plan.

7. Criteria of control judgment and method of preparation of consolidated financial statements

Consolidation scope is determined on the control basis including the Company and all subsidiaries controlled by the Company. Control criteria is that the group has the power over the investees, enjoy the variable return by involving the relative activities of the investees and also has the impact on the return amount through the power over the investees.

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 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.

When the group 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 group 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 group 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. If the equity investment in the subsidiary is disposed of by stages through multiple transactions until the control is lost, and it is not a bundled transaction, each transaction shall be accounted for separately according to whether the control is lost.

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 are accounted initially.

At the balance sheet date, foreign currency monetary items should be converted into reporting currency at the balance sheet date’s spot exchange rate. Exchange differences should be taken into the current profits and losses except special foreign currency borrowings for construction and producing assets which are qualifying for assets capitalization, should be capitalized. Foreign currency non-monetary items, which are recorded in historical cost, should be still recorded at the spot exchange rate when the transaction occurred and no change on reporting currency amount. Foreign currency non-monetary items, which are measured at fair value, should be recorded in the spot exchange rate at the date measuring the fair value and the differences should be recognized as profit and loss from fair value changes and included in the current profits and losses. Invested capital in foreign currency shall be converted into reporting currency at FX rate at when the investment is received, and no foreign exchange difference arises between capital received and monetary items.

10. Financial instruments

(1) Recognition and derecognition of financial instruments

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

An entity shall derecognize a financial asset (or a part of it or a group of similar financial asset) when, and only when: 1) the contractual rights to the cash flows from the financial asset expire, or 2) the entity transfers contractual rights to receive the cash flows of a financial asset, or assumes a contractual obligation to pay those cash flows received to the 3rd party in full amount in time according to the 'passing-through' agreement and the entity substantially transfers all the risks and rewards of ownership of the financial asset in nature, or the entity neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, but the entity has not retained control.

Financial liabilities shall be derecognized if the obligation of the liability is fulfilled, cancelled or expired. An exchange between an existing borrower and lender of debt instruments with substantially different terms shall be accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms an existing financial liability shall be accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of a financial liability extinguished and the consideration paid, including any non-cash assets transferred or liabilities assumed, shall be recognized in profit or loss.

A regular way purchase or sale of financial assets shall be recognized and derecognized, as applicable, using trade date accounting or settlement date accounting.

(2) Classification and measurement of financial assets

At initial recognition, the group 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 group's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. Only when the business model for managing the financial assets is changed, the affected financial assets shall be reclassified.

In determining the business model, the group considers, among others, the way in which the company evaluates and reports the performance of financial assets to key management personnel, the risks affecting the performance of financial assets and the way in which they are managed, and the way in which the relevant business managers are remunerated. In assessing whether the objective is to collect contract cash flows, the group needs to make an analytical judgment on the reasons, timing, frequency and value of the sale of the financial assets before

the maturity date.

In determining the contract cash flow characteristics, the group is required to determine whether the contract cash flow is only the payment of principal and interest based on the outstanding principal, (including the assessment of the time value of money correction, judging any significant difference between it and the baseline cash flow/ for financial assets containing early repayment characteristics, is required to determine whether the fair value of early repayment features is very small).

Financial assets are measured at fair value at the initial recognition, but accounts receivable or notes receivable arising from the sale of goods or provision of services, etc., do not contain a significant financing component or do not consider the financing component of less than one year, the initial measurement is based on the transaction price.

For financial assets that are measured at fair value, the related transaction costs are directly included in current profit or loss, and those costs of other categories of financial assets are included in their initial recognized amounts.

Financial assets subsequent measurement based on the classification

1) A financial asset measured at amortized cost

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. The financial assets of this category include: monetary fund, receivable, notes receivable and other receivables.

2) Debt instruments measured at fair value through other comprehensive income

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. The effective interest rate is applied to interest income. A gain or loss arising from 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 interest income, impairment loss and foreign exchange difference. When this type of financial assets is derecognized, accumulated gain or loss previously in the other comprehensive income shall be out of it and accounted into retained earnings when the financial asset is derecognized. The financial assets of this category include: receivable financing.

3) Equity instruments measured at fair value through other comprehensive income

The group may make an irrevocable election for particular investments in equity instruments that it would be measured at fair value through other comprehensive income, but once the election is made, it is irrevocable. The group only recognizes the dividend (apart from the dividend as investment cost pay back) into profit and loss and fair value movement subsequently will be recognized into comprehensive income and no need for impairment provision. When this type of financial assets is derecognized, accumulated gain or loss previously in the other comprehensive income shall be out of it and accounted into retained earnings when the financial asset is derecognized. The financial asset of this category is equity instruments.

4) A financial asset measured as fair value through profit or loss

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. The group shall subsequently measure this financial asset at its fair value, except for hedging accounting, 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.

(3) Classification, basis for recognition and measurement of financial liability

Except for the financial guarantee contract, commitments to provide a loan at a below-market interest rate and financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, the group shall initially classify all financial liabilities as it measured at amortized cost or financial liabilities at fair value through profit or loss. For financial liabilities that are measured at fair value, the related transaction costs are directly included in current profit or loss, and those costs of other categories of financial assets are included in their initial recognized amounts.

Financial liabilities subsequent measurement based on the classification

1) Financial liabilities as it subsequently measured at amortized cost

Effective interest method is applied to financial liabilities as subsequently measured at amortized cost

2) Financial liability as it measured at fair value through profit or loss

Financial liability measured at fair value through profit or loss including tradable financial

liability (derivative instrument of financial liability included) and designated as financial liability measured at fair value through profit or loss. Tradeable financial liability (including derivative instrument of financial liability) are subsequently measured at fair value. The net gain or loss arising from changes in fair value are recorded in profit or loss for the period in which they are incurred. Financial liability designated as it measured at fair value through profit or loss shall be subsequently measured at fair value, except for changes in fair value caused by changes in the group's own credit risk, which are recognized in other comprehensive income, other changes in fair value are recognized in profit or loss for the current period; The group recognizes all fair value changes (including the amount affected by changes in its own credit risk) in profit or loss if the inclusion of changes in fair value caused by changes in its own credit risk in other comprehensive income would cause or widen the accounting mismatch in profit or loss for the current period.

(4) Financial instrument impairment

Based on expected credit loss, the group shall apply the impairment requirements for the followings: ① a financial asset measured at amortized cost; ② debt investment measured at fair value and changes in fair value is through other comprehensive income; ③ lease receivable; ④ a contractual asset and financial guarantee contract.

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 group under the contract; and the cash flows that the Company expects to receive, that's the present value of the total cash shortage. The group 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.

Expected credit loss of financial instrument is assessed individually and portfolio. The group assesses the expected credit loss based on the portfolio in accordance with the common characteristics of credit risk which involves type of financial instrument, credit risk grade, and age of trade receivables.

When assessing expected credit losses, the group considers all reasonable and supportable information, including that which is forward-looking. In making these judgments and estimates, the group extrapolates the expected changes in the debtor's credit risk based on historical repayment data combined with factors such as economic policies, macroeconomic indicators and industry risks. Different estimates may affect the provision for impairment, and the provision already made may not equal the actual amount of impairment losses in the future.

1) Impairment testing method of receivable and contract asset

For receivable, notes receivable and contract asset etc., which don't contain significant financing component and arise from sales of products and service provision, the group adopts simplified method to account expected credit loss provision at an amount equal to the whole lifetime expected credit losses.

For lease premium receivable, trade receivable containing significant financing component, and contract asset, the group adopts simplified method to account expected credit loss provision at an amount equal to the whole lifetime expected credit losses.

The group determines the expected credit loss of trade receivable on the basis of portfolios with common characteristics of credit risk, 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. If certain client is significant different from others in terms of credit risk characteristics, or the client's credit risk has significantly increased, such as experiencing severe finance difficulty, its expected credit loss is obviously higher than it to be at accounting age, the group will make separate credit loss provision for this client's receivable.

① Portfolio category and recognition basis of receivable (contract asset)

The group classifies accounts receivable (and contract assets) according to the similarity and relevance of credit risk characteristics based on information such as age, nature of payments, credit risk exposure, historical debt collection, etc. For accounts receivable (and contract assets), the group determines that aging is the primary factor affecting its credit risk and therefore, the group assesses its expected credit losses on the basis of aging portfolios. The group calculates the overdue age based on the payment date agreed in the contract.

No expected credit loss is recognized for receivables from related party within consolidated scope as the group assesses its credit risk is relatively low.

② Portfolio category and recognition basis of notes receivable

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

2) Impairment testing method of debt investment, other debt investment, loan commitments and financial guarantee contracts

With the exception of financial assets (such as debt investments, other debt investments), loan commitments and financial guarantee contracts for which the simplified measurement method is adopted above, the group adopts the general method (three-stage method) for the provision of expected credit losses. At each balance sheet date, the group assesses whether its credit risk has increased significantly since the initial recognition, and if the credit risk has not increased significantly since the initial recognition, in the first stage, the group measures the loss provision at an amount equivalent to the expected credit loss over the next 12 months and calculates interest income based on the carrying balance and effective interest rate; If the credit risk has increased significantly since the initial recognition but no credit impairment has occurred, in the second stage, the group measures the loss provision at an amount equivalent to the expected credit loss over the entire duration and calculates interest income based on the carrying balance and effective interest rate; If credit impairment occurs after initial recognition, in the third stage, the group measures the loss provision at an amount equivalent to the expected credit loss over the entire duration and calculates interest income at amortized costs and effective interest rates. For financial instruments with only low credit risk at the balance sheet date, the group assumes that their credit risk has not increased significantly since initial recognition

The whole life expected credit loss refers to the expected credit loss caused by all possible default events during the whole expected life of the financial instrument. Expected credit losses over the next 12 months are expected credit losses resulting from defaults on financial instruments that may occur within 12 months after the balance sheet date (or if the expected duration of the financial instrument is less than 12 months) and are part of the overall expected credit losses over the life of the financial instrument.

Criteria of significant increase in credit risk and definition of credit impaired assets are disclosed on Note X.1

(5) Recognition and measurement of transfer of financial assets

A financial asset is derecognized when the financial asset has been transferred together with substantial all risks and rewards to the transferee. A financial asset can not be derecognized when the substantial all risks and rewards to the financial asset has been retained. When the all risks and rewards of the financial asset are neither transferred nor retained, but the group has given up its control of the financial asset, the financial asset shall be derecognized and recognize the asset and liability originated. Where control of the financial asset is not relinquished, the relevant financial asset shall be recognized according to the extent to which it continues to be involved in the transferred financial asset, and the relevant liability shall be recognized accordingly.

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.

Where the assets continue to be involved by providing financial guarantees for the transferred financial assets, the assets that continue to be involved in the same form are recognized at the lower of the carrying value of the financial assets and the amount of the financial guarantees. Financial guarantee amount means the maximum amount of consideration received that will be required to be repaid.

(6) Distinguish 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 group 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. ②the group'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 group takes all terms and conditions agreed by the its member and instrument holder into consideration. If the group because of 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.

(7) Derivative financial instrument

The group uses derivative financial instruments such as foreign exchange forward contracts, commodity forward contracts and interest rate swaps to hedge exchange rate risk, commodity price risk and interest rate risk respectively. Derivative financial instruments are initially measured at their fair value on the date the derivative transaction contract is signed, and are subsequently measured at their fair value. A derivative instrument with a positive fair value is recognized as an asset and a negative fair value is recognized as a liability.

Except hedging accounting, all gain or loss from the FV movement of derivative instrument shall be recognized in the income statement.

(8) 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.

11. Inventories

Inventories are raw material, low-valuable consumable, goods on transit, working-in-progress, finished goods, and cost to fulfil the contract 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.

At the balance sheet date, inventory is measured at the lower of cost and net realizable value. If the cost of the inventory is higher than its net realizable value, a provision is made for the

decline in the price of the inventory and it is accounted in the current profit or loss. Net realizable value is the amount of the estimated selling price of inventory in daily activities less the estimated costs to be incurred at completion, estimated selling expenses and related taxes.

Impairment provision for the group's raw materials/goods in stock/WIP/ cost to fulfil the contract is made on an individual inventory item, and when determining its net realizable value, the inventory of goods in stock and materials used for sale are determined at the estimated selling price of the inventory less estimated selling expenses and related taxes; Inventory of materials held for use in production is determined at the estimated selling price of the finished goods produced less the estimated costs to be incurred up to completion, estimated selling expenses.

12. Contract asset and contract liability

(1) Contract asset

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 group sold two goods that can be clearly distinguished to the client, then the group 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.

Expected credit loss recognition of contract asset is referred to the Note III、10 Provision for impairment of financial assets.

(2) 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 the group has a right to an amount of consideration that is unconditional before the group transfers a good or service to the customer, the group shall present the contract as a contract liability when the payment is made or the payment is due (whichever is earlier).

13. Assets relevant to contract cost

(1) Assets recognition methods in relation to contract cost

Assets relevant to contract cost in the group include cost to fulfill the contract and cost to obtain a contract. Cost to fulfill the contract is presented under inventory and other non-current assets. Cost to obtain a contract is presented under other current assets and other non-current assets.

If the costs incurred in fulfilling a contract with a customer are not within the scope of another Standard such as inventory, fixed assets or intangible assets, 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 group that will be used in performance obligations in the future; and the costs are expected to be recovered.

An asset as the incremental costs of obtaining a contract with a customer shall be recognized if the group expects to recover those costs. The group 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 the group 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). Other expenses incurred in order to obtain a contract rather than the incremental cost, and expected to be recovered (regardless of whether the contract is obtained such as travelling expenses) shall be recognized as an expense when incurred, unless those costs are explicitly chargeable to the customer.

(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

If the carrying value of the group's assets related to the contract cost is higher than the following two differences, the group will make the impairment provision for the excessive part and recognize the asset impairment loss: ① The remaining consideration that the group is expected to obtain due to the transfer of the commodities related to the asset; ② Estimate the costs to be incurred for the transfer of the relevant goods

14. Long-term equity investment

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

(1) Judgement on control, joint control and significant influence

Equity investments in which the group has a significant impact on the investee are investments in associates.

Significant influence refers to having the power to participate in the decision-making of the financial and operational policies of the investee, but not being able to control or jointly control the formulation of these policies with other parties. Significant influence exists when the entity directly or indirectly owned 20% or more but less than 50% voting shares in the investee, unless

there is explicit evidence that the company cannot participate in the production and operation decisions of the investee or have control over the investee.

When having less than 20% voting shares, the group's significant influence still exists if the followings are taken into accounts: 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 etc.

The group's joint venture investment is an equity investment whereby the parties have jointly control over it and have rights to the net assets of the investee. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. The group's judgement on joint control is based on the joint arrangement that all participants or combinations of participants collectively control the arrangement and that decisions relating to the activities of the arrangement must be made with the unanimous consent of those participants who collectively control the arrangement.

(2) Accounting

The group initially measures the long-term investment in line with the initial cost for acquiring the investment.

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

Apart from the long-term equity investments acquired through business combination, the cost of investment for the long-term equity investments acquired by cash payment is the amount of cash paid, relevant direct expense, tax and other necessary expenses for the investment. For long-term equity investment acquired by issuing equity instruments, the cost of investment is the fair value of the equity instrument issued.

The Company adopts cost model for investment in subsidiary on separate financial statement. Under cost model, the long-term equity investment is measured at initial investment cost. When

more investment is added, it 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.

The Company adopts equity method for investment in joint venture and affiliate. Under equity method, if the initial investment cost is greater than the share of fair value of the identifiable net assets in the investee, the initial investment cost of long-term equity investment is no need to be adjusted; If the initial investment cost is less than the share of fair value of the identifiable net assets in the investee, the difference shall be recorded into the current profit and loss, and the cost of long-term equity investment shall be adjusted at the same time.

Long-term equity investment subsequently, under equity method, shall be adjusted for its carrying amount according to the share of equity increase or decrease in the investee. The Company shall recognize its share of the investee's net gain or losses after the investee's net profit adjustment, 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 the inter-group transactions, not constituting the business, between the entity and its associates and joint ventures according to the shareholding attributable to the group (full amount of loss shall be recognized if the inter-group transaction is impairment loss). The group recognizes net losses incurred by investee to the extent that the carrying value of long-term equity investments and other long-term interests substantially constituting net investments in investee are written down to zero, except where the group is obliged to bear additional losses.

The difference between the book value of long-term equity investment and actual acquisition cost shall be recognized in the gain or loss of investment when the long-term equity investment is disposed of.

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.

If the remaining equity after the partially disposal is still accounted for under the equity method, the relevant other comprehensive income previously recognized under the equity method, is treated on the same basis as the direct disposal of the relevant assets or liabilities by the investee and is carried forward on a proportional basis, and the owner's equity, which is apart from net

profit and loss, other comprehensive income and profit distribution of the investee, shall be recognized and proportionally transfers to current investment income.

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.

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 as investment gain or loss for the period, 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 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 as investment gain or 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.

15. Investment property

Investment property is held to earn rentals or for capital appreciation or both and includes property, building and use right of land. They are measured at cost model.

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

Category	Useful life (years)	Estimated net residual value rate (%)	Annual depreciation rate (%)
Use right of land	50	0	2
Property and Buildings	40	3/10	2.25-2.43

16. 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 group 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 group. 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	5-12	1、3、5、10	7-33.33
4	Electronic equipment & others	3-15	0-1、3、5、10	6-33.33

The group 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.

17. Construction in progress

The cost of construction in progress is determined according to the actual construction expenditure, including the necessary construction expenditure incurred during the construction period, the capitalized borrowing cost and other related expenses before the construction reaches the condition expected for use.

Constructions in progress are transferred 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 depreciated in the next month. Adjustment will be made upon confirmation of their actual values after implementing the completion and settlement procedures.

The construction in progress shall be transferred to fixed assets when it reaches the expected usable state, and the criteria are as follows:

Items	Criteria of transferring to FA
Property and Buildings	Earlier of actual starting of use and completion of inspection
Machinery equipment	Earlier of actual starting of use and completion of installation / inspection

18. Intangible asset

The group's intangible assets include use right of land, patents, non-patented technologies and others. They are measured at actual cost at acquisition day. For acquired assets, the actual cost

is measured at actual price paid and relevant other expenses. Invested intangible asset shall be measured at actual cost as contracted or agreed value, however fair value will be taken if the contracted or agreed value is not fair.

(1) Useful life and the basis for recognition, estimation, amortization method or review procedure

Use right of land shall be amortized evenly within the amortization period since the remised date. Patents, technologies 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.

(2) The scope and accounting of research and development

The group separates the expenditure on internal research and development projects into research phase expenditure and development phase expenditure. At research phase, expenditure are expenses directly relevant to research activity, including R&D employee's salary, materials, depreciation, technology cooperation cost and assessment testing fees. At development phase, expenses can be capitalized only when meeting the following conditions: (a)the technical feasibility of completing the intangible asset so that it will be available for use or sale.

(b)its intention to complete the intangible asset and use or sell it.

(c)how the intangible asset will generate probable future economic benefits. Among other things, the entity can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset.

(d)the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.

(e)its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Any expenditure not qualifying for the above conditions shall be accounted into profit and loss account.

The projects expenditure will go to the development stage and start to be capitalized after meeting the above conditions, and passing the technical feasibility and economic feasibility studies, and being approved after evaluation.

19. Impairment of long-term assets

The group assesses whether there is any indication that long-term equity investment, investment property under cost model, fixed assets, construction in progress, right-of-use asset 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 and development cost not reaching available for use status, are tested for impairment annually no matter there is any indication of impairment or not.

(1) Non-current asset impairment excluding financial asset (except goodwill)

When testing the impairment, the group recognized the recoverable amount of an asset, which 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. After impairment test, any difference of carrying amount over its recoverable amount shall be recognized as impairment loss.

The group estimates recoverable amount based on an individual asset. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount is determined on the basis of the asset groups or asset portfolio to which the asset belongs. Asset portfolio is determined based on whether the major cash inflow generated by the asset group is independent from the cash inflow of other assets or the asset portfolio.

Net amount which FV less disposal cost is reference to the agreed sale price or observable market price for similar asset within the arm length transaction. When estimating the present value of future cash flows, management must estimate the expected future cash flows of the asset or group of assets and select an appropriate discount rate to determine the present value of future cash flows.

(2) Goodwill impairment

The group allocates the carrying value of the goodwill generated from the business combination to the relevant asset group or to the relevant asset group combination which is difficult to allocate to the relevant asset group, in a reasonable way from the date of purchase. When conducting impairment tests on goodwill contained within the related asset group or asset group combination, if there are signs of impairment in the asset group or asset group combination related to goodwill, the impairment test shall firstly be conducted on the asset group or asset group combination excluding goodwill, and the recoverable amount shall be calculated and compared with the relevant carrying value so to recognize the corresponding impairment loss; Then, an impairment test is conducted on the asset group or asset group combination containing goodwill to compare the carrying value with the recoverable amount. If the recoverable amount is lower than the carrying value, the impairment loss amount is first offset against the carrying value of goodwill allocated to the asset group or asset group combination, and then offset the carrying value of the asset group and asset group combination based on the proportion of the

carrying value of other assets in the asset group or asset group combination without goodwill.

The methodology, parameters and assumptions of the goodwill impairment test are referred in Notes VI.19.

Once the impairment loss on the assets is recognized, it can not be reversed in a subsequent period.

20. Long-term prepaid expense

The group's long-term prepaid expense refers to landscape fees, renovation & decoration expenses and other expenses paid and should be allocated over 1 year. It will be amortized evenly within its beneficial period. The remaining unamortized expense should be charged into income statement if long-term prepaid expense can not bring the beneficial inflows. Landscape fees will be amortized for 10 years and renovation & decoration fees will be amortized for 5-10 years.

21. 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.

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

22. Provision

When the Company has transactions such as commitment to externals, discounting the trade acceptance note, 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. The group needs to review the present best estimate and accordingly adjust the carrying value of the provision account.

23. Revenue recognition and measurement

The group recognizes revenue when it has fulfilled its contractual performance obligations, i.e. when the customer has obtained control of the relevant goods or services. Control right of goods or services refers to the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset.

If the contract between the group and the customer meets the following five conditions at the same time, the group has fulfilled the performance obligation when the customer obtains the control of the relevant goods or services, and the revenue is recognized:

- 1) the parties to the contract have approved the contract and promised to fulfill their own obligations;
- 2) the contract specifies the rights and obligations of parties related to the transferred commodities;
- 3) the contract has explicit payment terms related to the transferred goods;
- 4) the contract has commercial substance, where the performance of the contract will change the company's future cash flow risk, time distribution or amount;
- 5) the consideration to which the company is entitled as a result of the transfer of goods to the customer is likely to be recovered.

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

- 1) the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs
- 2) the group'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 group'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

- (1) Revenue policy from sales

The group's revenue mainly includes income from sale of goods and installation of the whole set of refrigeration engineering project.

Based on the actual situation, the group recognizes the revenue as the followings;

1) Domestic sales: the sales contract with customers generally includes the performance of obligation of transferring goods. The group recognizes the revenue at the time when the arrival acceptance is completed by customers, having taken all followings into consideration: present debt collection right entitled to the sales of goods, the transfer of the main risks and rewards in the ownership of the goods, the transfer of the legal ownership entitled to the goods, the transfer of physical assets, the acceptance of goods by customers.

2) Export sales: the group will recognize the sales revenue after completing the customs declaration and export procedures.

Revenue from installation of the whole set of refrigeration engineering project. In the refrigeration installation contract between the group and the customer, since the equipment sales and installation services cannot be distinguished separately, the entire project contract is regarded as a single performance obligation, and the revenue of the single performance obligation is recognized at the completion of the customer acceptance. When a performance obligation over time is satisfied, revenue shall be recognized within the contract term according to the performance progress, which is determined by the percentage of the cumulative actual cost to expected total contract cost. When the performance progress can not be estimated reasonably, the group recognizes the revenue to the extent where the already incurred cost can be compensated until the performance progress can be decided.

(2) Determining and allocating the transaction price

If the contract includes two or more performance obligations, at the inception date of contract, the group 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. If any solid evidence indicates that contract discount is only relevant to one or some (not all) performance obligations, the discount shall be allocated into the one or these performance obligations.

An amount of consideration can vary because of cash discounts, price guarantee. The group determines the best estimate of the variable consideration in line with the expectation or the amount that most probably incurred, but includes, in the transaction price, the variable consideration not exceeding the amount that is highly unlikely to result in a material reversal of cumulative revenue recognized when the relevant uncertainty is eliminated.

The group accounts for consideration payable to a customer as a reduction of the transaction price and, therefore, of revenue unless the payment to the customer is in exchange for a distinct

good or service. Accordingly, the revenue shall be recognized at the later of the revenue recognition and the consideration paid to a customer.

For sales with a right of return, the group recognizes the revenue for the consideration expected to have the right to receive arising from transferring the goods to customers when the customer receives the control right over the relevant goods, and recognizes the expected refund amount as provision. At the same time, receivable of return cost, as an asset, shall be recognized for the carrying value of the returned goods when it is expected to be transferred less expected cost for getting it back (including decline in value) and net amount of the above asset cost shall be carried over to the cost. At every balance sheet date, the group will reassess the future sales returns and remeasure the above assets and liabilities.

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 when the client receives the control right of goods or services. The difference between the promised consideration and the determined transaction price shall be amortized within the contract period using effective interest rate, and it is the discounting rate at which the dominated price of the contract consideration is discounted to the cash price.

According to the agreement or the regulation etc., the group provide warranty for the goods sold and it is the quality assurance for promising the goods are in commodity with the agreed standards and shall be accounted for as Note III、22 provision.

24. Government grants

Government grant shall be recognized only when all attached conditions are met and the grant is possibly received. 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 grant is the government fund obtained by the group 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 group shall judge it according to the principle mentioned above. If the grant is difficult to be separated, it shall be considered as income-related grant as a whole.

Assets-related government grants are recognized as deferred income, which 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.

25. 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 and the difference between the carrying amount of tax base item and its tax base.

Deferred tax liability shall be recognized for all taxable temporary difference apart from the followings : (1) temporary differences arise from the initial recognition of goodwill or the initial recognition of assets or liabilities arising from non-business combinations that do not affect accounting profits or taxable income (or deductible losses); (2) The group is able to control the timing of the reversal of taxable temporary differences related to investments in subsidiaries, associates, and joint ventures, and such temporary differences are likely not to be reversed in the foreseeable future.

The group recognizes deferred income tax assets for deductible temporary differences, deductible losses, and tax deductions that are likely to be obtained to offset future taxable income, except for the following situations: (1) the initial recognition of assets or liabilities arising from non-business combination transactions where temporary differences do not affect accounting profits or taxable income (or deductible losses); (2) Deductible temporary differences related to investments in subsidiaries, associates, and joint ventures that cannot simultaneously meet the following conditions: temporary differences are likely to be reversed in the foreseeable future, and taxable income is likely to be obtained in the future to offset deductible temporary differences.

The group recognizes deferred income tax assets for all unused deductible losses to the extent that there is likely to be sufficient taxable income to offset the deductible losses. The management uses plenty of judgment to estimate the timing and amount of future taxable income, combined with tax planning strategies, to determine the amount of deferred income

tax assets, which results in uncertainty.

On the balance sheet date, deferred income tax assets and deferred income tax liabilities are measured at the applicable tax rate during the expected period of asset recovery or liability settlement.

When the following conditions are met simultaneously, the group shall present the deferred income tax assets and deferred income tax liabilities at the net amount after offsetting: The group has the legal right to settle the current income tax assets and deferred income tax liabilities at the net amount; Deferred income tax assets and deferred income tax liabilities are related to the income tax levied by the same tax collection and management authority on the same taxpayer or on different taxpayers. However, in the future, within the term when each significant deferred income tax asset and deferred income tax liability to be reversed, the involved taxpayers intend to settle the current income tax assets and liabilities on a net basis or acquire assets and settle debts simultaneously.

26. 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 group 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 or many identified assets for a period of time in exchange for consideration.

For a contract that is, or contains several leases, the group shall separate the contract and account each lease separately. The group shall account for each lease component separately from non-lease components of the contract if the contract contains lease and non-lease components. Each leasing part is accounted for according to the leasing standards, while the non-leasing part is accounted for according to other applicable accounting standards. If the contract includes both leasing and non-leasing parts, the group, as the lessor, will split the leasing and non-leasing parts and conduct accounting treatment separately. Each leasing part will be accounted for according to the leasing standards, while the non-leasing part will be accounted for according to other applicable accounting standards. As the lessee, the group chooses not to separate the lease and non-lease, and joins each leased part and its non-leased parts separately into a lease, accounting treatment shall be carried out in accordance with leasing standards; However, if the contract includes embedded derivative instruments that should be split, the group will not merge them with the leasing portion for accounting treatment.

(2) As a lessee

1) Recognition

At the commencement date, the group as a lessee shall recognize a right-of-use asset and a lease obligation except short-term lease and low value asset lease.

Right-of-use assets represents a lessee's right to use an underlying asset for the lease term, and is initially measured 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. Where the group remeasures the lease liability in accordance with the relevant provisions of the leasing standard, the carrying value of right-of-use asset is adjusted accordingly.

The group shall follow the following principles when determining the depreciation life of the right-of-use 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 at the shorter of the lease term and the remaining service life of the leased asset. The depreciation amount shall be accounted into cost of assets or profit and loss account.

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.

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.

When calculating the present value of the lease payments, interest rate implicit in the lease shall be used. If the rate cannot be readily determined, the group shall use the lessee's incremental borrowing rate. Interest on the lease liability in each period during the lease term shall be calculated based on a constant periodic rate of interest, and be recognized as in profit or loss unless its capitalization.

After the lease commencement date, the group increases the carrying amount of lease liability when recognizing the interest on lease liability and; decreases the carrying amount of lease liability when making lease payment. The group remeasures the lease liability in accordance with the present value of revised lease payment, when the followings incur: 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).

2) Short-term lease and low value asset lease

The group 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 (30,000 Yuan) 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) Sales and lease back

The group, as a seller and a lease within the sales and lease back transaction, assesses whether the transfer of the asset is a sale. If the transfer of assets is not a sale, the group shall continue to recognize the transferred assets and at the same time recognize a financial liability equal to the transfer income (Note VI. 34 lease). If the transfer of assets is a sale, the group 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 group. Accordingly, the group shall recognize only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor.

(3) As a lessor

The group, as a lessor, classified it as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset unless an operating lease.

1) Financing lease

At the commencement date, the group 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. The group shall recognize interest income over the lease term based on a constant periodic rate. The variable lease payment obtained by the group related to operating leases, which are not included in the net lease investment, shall be accounted for in the current profit and loss when actually incurred

2) Operating lease

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

The initial direct expenses incurred by the group in relation to operating leases are capitalized to the cost of leasing the underlying asset and are recognized in profit or loss by instalments over the lease period on the same basis as rental income. Variable lease payments made by the group in relation to operating leases that are not included in lease collections are recognized in profit or loss for the period when they are actually incurred.

The group shall account for a modification to an operating lease as a new lease from the effective date of the modification, considering any received in advance or lease payments receivable relating to the original lease as part of the lease payments receivable for the new lease

27. Fair value measurement

The group measures investment property, derivative financial instruments and equity instruments at fair value at each balance sheet date. Fair value refers to the price that market participants can receive by selling an asset or can pay for transferring a liability in an orderly transaction that takes place on the measurement date.

Assets and liabilities measured or disclosed at fair value in the financial statements are determined to belong to the different fair value level based on the lowest level of input values that are significant to the fair value measurement as a whole: 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.

(For levels 1 and 2) For financial instruments traded in an active market, the group determines their fair value by their active market quotes; For financial instruments that are not traded in an active market, the group uses valuation techniques to determine their fair value, and the valuation model used is mainly the discounted cash flow model. The input of valuation

techniques mainly includes: risk-free interest rate of debt, credit premium and liquidity premium; estimator coefficient. and liquidity discount of equity.

(For level 3) The fair value of level 3 is determined on the basis of the group's valuation models, such as the discounted cash flow model. The group also considers the initial transaction price, recent transactions of the same or similar financial instruments, or full third-party transactions of comparable financial instruments. As at 31 December 2023, level 3 financial assets measured at fair value are valued by using significant unobserved inputs such as discount rates, but their fair value is not materially sensitive to reasonable changes in these significant unobserved inputs.

The group uses the market approach to determine the fair value of unlisted equity investments. This requires the group to determine comparable listed companies, select market coefficient, estimate liquidity discounts, etc., and is therefore subject to uncertainty.

VI. Taxation

1. The main applicable tax and rate to the Group 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%
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%
Sonyo Refrigeration (Dalian) Co., Ltd.	15%

2. Tax preference

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

the preferential tax policy of enterprise income tax rate of 15% in three years.

The Company's subsidiary, Dalian Bingshan Air-conditioning Equipment Co., Ltd. obtained the qualification of high and new technology enterprises on 3rd December, 2020 approved by Dalian Science Technology Bureau, Dalian Finance Bureau, Dalian State Tax Bureau and Local tax Bureau. The Certificate No. is GR202021200672, and the validity duration is three years. According to the tax law, Bingshan Air-conditioning 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 16th November, 2018 approved by Dalian Science Technology Bureau, Dalian Finance Bureau, Dalian State Tax Bureau and Local tax Bureau. The Certificate No. is GR20181200562, and the validity duration is three years. According to the tax law, Bingshan Guardian 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, 2018 approved by Hubei Science Technology Bureau, Hubei Finance Bureau, Hubei State Tax Bureau and Hubei Local tax Bureau. The Certificate No. is GR201842000605, and the validity duration is three years. According to the tax law, Wuhan New World Refrigeration 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, Universe 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.

The Company's subsidiary, Sonyo Refrigeration (Dalian) Co., Ltd.(hereinafter referred to as "Sonyo Refrigeration System" obtained the qualification of high and new technology enterprises on 22th October, 2021 approved by Dalian Science Technology Bureau, Dalian Finance Bureau, Dalian State Tax Bureau and Local tax Bureau. The Certificate No. is GR202121200368, 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 on the Policy of Value added Tax Deduction for Advanced Manufacturing Enterprises issued by the Ministry of Finance and the State Administration of Taxation (Announcement No. 43 of 2023 of the Ministry of Finance and the State Administration of Taxation), from January 1, 2023 to December 31, 2027, advanced manufacturing enterprises are allowed to deduct an additional 5% of the deductible input tax amount for the current period to offset the payable value-added tax amount. The tax collection and management matters of enterprises enjoying this policy shall be implemented in accordance with the current collection and management regulations. The Company and its subsidiaries, Bingshan Air Conditioning, Bingshan Guardian, Wuxin Refrigeration, Nevis, Sonyo Compressor, Sonyo Refrigeration, enjoy this preferential policy.

VII. Notes to Consolidated Financial Statements

The financial statement data disclosed below, unless otherwise specified, "beginning" refers to January 1, 2025, "end of period" refers to June 30, 2025, "current period" refers to the period from January 1 to June 30, 2025, and "previous period" refers to the period from January 1 to June 30, 2024, with the currency unit being RMB yuan.

1. Cash and cash in bank

Item	Closing Balance	Opening Balance
Cash on hand	8,767.32	28,585.88
Cash in bank	839,838,616.33	1,011,911,100.49
Other cash and cash equivalents	20,581,012.86	30,204,058.30
Total	860,428,396.51	1,042,143,744.67

Note1: within the bank deposits, 50,217,708.30 Yuan was time deposits and interest income; frozen fund of 6,650,265.95 Yuan, guarantee deposit for migrant worker of 351,057.41 Yuan and restricted fund for migrant worker salary of 3,191,024.44 Yuan.

Note2: Other monetary funds are bank acceptance deposit 13,545,500.81 Yuan, deposit for

letter of guarantee is 7,035,512.05Yuan.

2. Notes receivable

(1) Category of notes receivable

Items	Closing Balance	Opening Balance
Bank acceptance notes	318,300,275.82	331,617,161.92
Commercial acceptance notes	13,498,944.72	21,237,701.56
Total	331,799,220.54	352,854,863.48

Items	Closing Balance					Opening Balance				
	Booking balance		Provision for bad debts		Book value	Booking balance		Provision for bad debts		Book value
	Amount	%	Amount	%		Amount	%	Amount	%	
Including:										
Notes receivable with provision for bad debts by combination	332,407,381.47	100.00%	608,160.93	0.18%	331,799,220.54	354,276,459.03	100.00%	1,421,595.55	0.40%	352,854,863.48
Including:										
Bank acceptance bill	318,300,275.82	95.76%			318,300,275.82	331,617,161.92	93.60%			331,617,161.92
trade acceptance draft	14,107,105.65	4.24%	608,160.93	4.31%	13,498,944.72	22,659,297.11	6.40%	1,421,595.55	6.27%	21,237,701.56
Total	332,407,381.47	100.00%	608,160.93	0.18%	331,799,220.54	354,276,459.03	100.00%	1,421,595.55	0.40%	352,854,863.48

Provision for bad debts by combination:

Items	Closing Balance		
	Booking balance	Bad debt provision	Provision ratio
Banker's acceptance draft	318,300,275.82		
Trade acceptance draft	14,107,105.65	608,160.93	4.31%
Total	332,407,381.47	608,160.93	

Instructions for determining the basis for this combination:

If the bad debt provision for bills receivable is accrued according to the general model of expected credit loss, please refer to the disclosure method of other receivables to disclose the relevant information of bad debt provision:

☐Applicable ☒Not applicable

(2) Provision for bad debts for the current period:

Provision for bad debts in the current period:

Category	Opening balance	Change during the year				Closing Balance
		Accrued	Collected/reversed	Written-off	Others	
Bad debt provision for notes receivable	1,421,595.55	213,308.00	1,026,742.62			608,160.93
Total	1,421,595.55	213,308.00	1,026,742.62			608,160.93

Among them, the amount of bad debt provision recovered or reversed in the current period is important:

☐Applicable ☒Not applicable

(3)Notes receivable pledged by the company at the end of the period

Items	Closing pledged amount
Bank acceptance notes	7,680,962.04
Total	7,680,962.04

(4) 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		168,623,428.43
Trade acceptance draft		
Total		168,623,428.43

3. Accounts receivable

(1) Category of accounts receivable

Items	Closing Balance				
	Booking balance		Provision		Booking value
	Amount	%	Amount	%	
Bad debt provision on individual basis	13,071,940.81	0.56%	10,264,390.35	78.52%	2,807,550.46
Bad debt provision on group	2,317,416,054.71	99.44%	574,287,254.38	24.78%	1,743,128,800.33
Including: aging as characteristics of credit risk	2,317,416,054.71	99.44%	574,287,254.38	24.78%	1,743,128,800.33
Total	2,330,487,995.52	100.00%	584,551,644.73	25.08%	1,745,936,350.79

(Continued)

Items	Opening balance				
	Booking balance		Provision		Booking value
	Amount	%	Amount	%	
Bad debt provision on individual basis	13,071,940.81	0.63%	10,264,390.35	78.52%	2,807,550.46
Bad debt provision on group	2,058,783,031.94	99.37%	569,356,233.50	27.65%	1,489,426,798.44
Including: aging as characteristics of credit risk	2,058,783,031.94	99.37%	569,356,233.50	27.65%	1,489,426,798.44
Total	2,071,854,972.75	100.00%	579,620,623.85	27.98%	1,492,234,348.90

Provision for bad debts by combination:

Items	Closing Balance		
	Booking balance	Provision	%
within 1 year	1,232,846,059.48	66,350,980.97	5.34%
1-2 years	390,674,215.05	64,268,429.63	16.45%
2-3 years	239,340,204.24	73,676,384.11	30.78%
3-4 years	123,592,649.74	60,845,182.81	49.23%
4-5 years	75,456,738.00	54,161,758.40	71.78%
more than 5 years	255,506,188.19	255,506,188.19	100.00%
Total	2,317,416,054.71	574,287,254.38	

Instructions for determining the basis for this combination:

If the bad debt provision for accounts receivable is accrued according to the general model of expected credit loss, please refer to the disclosure method of other receivables to disclose the relevant information of bad debt provision:

☐Applicable ☒Not applicable

Disclosure by age

Aging	Closing Balance
Within 1 year	1,232,846,059.48
1 to 2 years	390,674,215.05
2 to 3 years	240,448,883.41
More than 3 years	466,518,837.58
3 to 4 years	129,101,000.18
4 to 5 years	76,371,649.22
More than 5 years	261,046,188.18
Total	2,330,487,995.52

2) Bad debt provision accrued and written-off (withdraw)

Provision for bad debts in the current period:

Category	Opening balance	Accrued	Change during the period			Closing Balance
			Collected/reversed	Written-off	Others	
Bad debt provision for accounts receivable	579,620,623.85	12,702,810.86	1,895,193.85	6,542,408.01	665,811.88	584,551,644.73

3) Accounts receivable written off in current period

Item	Written off amount
Receivable actually written off	6,542,408.01

4. Contract asset

(1) contract asset

Items	Closing Balance		
	Booking balance	Provision	Carrying amount
Undue warranty	208,293,093.64	26,354,893.83	181,938,199.81
Unsettled receivable of revenue recognized over time	12,241,527.67	6,126,269.48	6,115,258.19
Total	208,293,093.64	26,354,893.83	181,938,199.81

(continued)

Items	Opening balance		
	Booking balance	Provision	Carrying amount
Undue warranty	198,615,784.30	21,724,512.68	176,891,271.62
Unsettled receivable of revenue recognized over time	16,623,886.64	8,754,217.94	7,869,668.70
Total	215,239,670.94	30,478,730.62	184,760,940.32

(3) Category of contract asset based on bad debt provision method

Items	Closing Balance				
	Booking balance		Provision		Booking value
	Amount	%	Amount	%	
Bad debt provision on individual basis	1,709,948.80	0.78%	1,709,948.80	100.00%	
Bad debt provision	218,824,672.51	99.22%	30,771,214.51	14.06%	188,053,458.00

Items	Closing Balance				
	Booking balance		Provision		Booking value
	Amount	%	Amount	%	
on group					
Including: aging as characteristics of credit risk	218,824,672.51	99.22%	30,771,214.51	14.06%	188,053,458.00
Total	220,534,621.31	100.00%	32,481,163.31	14.73%	188,053,458.00

(continued)

Items	Opening Balance				
	Booking balance		Provision		Booking value
	Amount	%	Amount	%	
Bad debt provision on individual basis	1,709,948.80	0.79%	1,709,948.80	100.00%	
Bad debt provision on group	213,529,722.14	99.21%	28,768,781.82	13.47%	184,760,940.32
Including: aging as characteristics of credit risk	213,529,722.14	99.21%	28,768,781.82	13.47%	184,760,940.32
Total	215,239,670.94	100.00%	30,478,730.62	14.16%	184,760,940.32

1) Bad debt provisions on individual basis

Name	Opening balance		Closing Balance			
	Accounts receivable	Provision for bad debts	Accounts receivable	Provision for bad debts	Proportion (%)	Reason
Company 1	1,709,948.80	1,709,948.80	1,709,948.80	1,709,948.80	1,709,948.80	Recovery is not expected
Total	1,709,948.80	1,709,948.80	1,709,948.80	1,709,948.80	1,709,948.80	—

2) Bad debt provisions on group basis

Aging	Closing Balance		
	Accounts receivable	Provision for bad debts	Drawing proportion
Within 1 year	122,395,529.83	7,573,801.34	6.19%
1 to 2 years	65,888,713.10	10,029,677.32	15.22%
2 to 3 years	19,943,257.86	5,958,866.17	29.88%
3 to 4 years	4,189,328.28	2,027,533.14	48.40%
4 to 5 years	4,390,760.04	3,164,253.15	72.05%
Over 5 years	2,017,083.40	2,017,083.40	100.00%
Total	218,824,672.51	30,771,214.51	—

(3) Bad debt provision of current period

Category	Accrued	Collected/ reversed	Written-off	Others	Reason
Undue warranty	5,896,913.16	1,266,532.01	5,896,913.16	1,266,532.01	-
Unsettled receivable of revenue recognized over time		2,627,948.46		2,627,948.46	-
Total	5,896,913.16	3,894,480.47	5,896,913.16	3,894,480.47	-

5. Receivables financing

Items	Closing Balance	Opening Balance
Bank acceptance notes	267,919,608.64	382,073,283.27
Total	267,919,608.64	382,073,283.27

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

Items	Closing Balance				
	Booking balance		Provision		Booking value
	Amount	%	Amount	%	
Bad debt provision on group	267,919,608.64	100.00%			267,919,608.64
Including: bank acceptance notes	267,919,608.64	100.00%			267,919,608.64
Total	267,919,608.64	100.00%			267,919,608.64

(Continued)

Items	Opening balance				
	Booking balance		Provision		Booking value
	Amount	%	Amount	%	
Bad debt provision on group	382,073,283.27	100.00%			382,073,283.27
Including: aging as characteristics of credit risk	382,073,283.27	100.00%			382,073,283.27
Total	382,073,283.27	100.00%			382,073,283.27

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

Items	Closing pledged amount
Bank acceptance notes	72,147,362.65
Total	72,147,362.65

6. Other receivables

Items	Closing Balance	Opening Balance
Dividends receivable	3,767,645.29	11,150.00
Other receivable	49,607,980.45	45,748,416.06
Total	53,375,625.74	45,759,566.06

(1) Dividends receivable

1) Classification of Dividends Receivable

Items(or Investee)	Closing Balance	Opening Balance
Wuhan Iron and Steel Co., Ltd.		11,150.00
Dalian Bingshan Group Huahuida Financial Leasing Co., Ltd.	3,220,344.00	
Jiangsu Jingxue Energy Saving Technology Co., Ltd	547,301.29	
Total	3,767,645.29	11,150.00

(2). Other receivables

1) Other receivables categorized by nature

Nature	Closing Balance	Opening Balance
Receivables and Payables	48,215,839.66	31,791,903.41
Guarantee deposits	28,788,999.23	30,974,881.78
Petty cash	6,166,644.38	3,488,045.56
Others	3,949,413.88	17,138,048.40
Total	87,120,897.15	83,392,879.15

2) Provision for bad debts

Provision for bad debts	The first phase	The second phase	The third phase	Total
	Expected credit losses in the next 12 months	Expected Credit Loss for the duration (No Credit Devaluation)	Expected Credit Loss for the duration (Credit impairment has occurred)	
Balance on January 1, 2025	1, 978, 205. 87		35, 666, 257. 22	37, 644, 463. 09
The balance of January 1, 2025 in the current period				
Provision for current period	501, 091. 62		32, 477. 90	533, 569. 52
Reversal for current period	660, 115. 91			660, 115. 91
Written-off			5, 000. 00	5, 000. 00
Balance on June 30, 2025	1, 819, 181. 58		35, 693, 735. 12	37, 512, 916. 70

Changes in book balances with significant changes in loss provisions in the current period

☐Applicable ☒Not applicable

Disclosure by age

Aging	Closing Balance
Within 1 year	37, 107, 932. 85
1-2 years	4, 081, 061. 39
2-3 years	3, 853, 771. 46
Over 3 years	42, 078, 131. 45
3-4 years	6, 927, 082. 26
4-5 years	3, 814, 376. 30
Over 5 years	31, 336, 672. 89
Total	87, 120, 897. 15

3) Provisions for bad debts accrued, recovered or reversed in the current period

Provision for bad debts in the current period:

Category	Opening balance	Change during the year				Closing Balance
		Accrued	Collected/reversed	Written-off	Others	
Provision for bad debts of other receivables	37, 644, 463. 09	533, 569. 52	660, 115. 91	5, 000. 00		37, 512, 916. 70
Total	37, 644, 463. 09	533, 569. 52	660, 115. 91	5, 000. 00		37, 512, 916. 70

4) Other receivables from the top 5 debtors

Name	Category	Closing Balance	Aging	% of the total OR	Closing Balance of Provision
Top 1	Rent	6,294,004.19	Within 1 year	7.22	230,360.55
Top 2	Deposit	2,548,847.50	4-5 years; over 5 years	2.93	2,395,944.15
Top 3	Current money	2,476,894.20	3-4 years	2.84	1,297,644.87
Top 4	Rent	1,932,689.79	Within 1 year	2.22	70,736.45
Top 5	Rent	1,776,128.15	Within 1 year	2.04	65,006.29
Total		15,252,435.83		17.25	4,059,692.31

7. Prepayments

(1) Aging of prepayments

Items	Closing Balance		Opening Balance	
	Amount	Percentage	Amount	Percentage
Within 1 year	164,326,328.14	80.58%	140,193,253.25	85.46%
1 to 2 years	21,203,287.35	10.40%	15,625,104.20	9.53%
2 to 3 years	13,627,145.87	6.68%	3,927,719.36	2.39%
Over 3 years	4,765,188.89	2.34%	4,296,563.25	2.62%
Total	203,921,950.25		164,042,640.06	

(2) Prepayments from the top 5 debtors based on closing balance

The sum of top 5 of prepayment is 77,250,609.28 Yuan, represents 37.88% of closing balance of prepayment.

8. Inventories

(1) Categories of inventories

Item	Closing Balance		
	Book value	Provision for decline	Net book value
Raw materials	245,057,362.49	32,589,803.17	212,467,559.32
Working in progress	145,622,915.42	8,637,511.69	136,985,403.73
Finished goods	475,612,814.07	39,691,307.34	435,921,506.73
Cost to fulfill the contract	417,031,256.52	11,200,244.06	405,831,012.46
Self-manufactured semi-finished products			
Goods on transit	52,429,998.97		52,429,998.97
Materials on consignment for further processing	1,349,354.75		1,349,354.75
Properties written off debtors	173,437.86		173,437.86
Low-value consumable	1,337,277,140.08	92,118,866.26	1,245,158,273.82
Total	245,057,362.49	32,589,803.17	212,467,559.32

(Continued)

Item	Opening Balance		
	Book value	Provision for decline	Net book value
Raw materials	264,329,161.20	33,708,343.75	230,620,817.45
Working in progress	172,761,094.92	19,583,788.41	153,177,306.51
Finished goods	453,823,794.09	41,658,999.95	412,164,794.14
Cost to fulfill the contract	544,464,520.45	12,895,734.89	531,568,785.56
Self-manufactured semi-finished products	11,060,053.54		11,060,053.54
Goods on transit	52,174,151.33		52,174,151.33
Materials on consignment for further processing	2,674,187.81		2,674,187.81
Properties written off debtors	213,692.47		213,692.47
Raw materials	1,501,500,655.81	107,846,867.00	1,393,653,788.81
Total	264,329,161.20	33,708,343.75	230,620,817.45

(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	33,708,343.75	83,256.97		1,201,797.55		32,589,803.17
Working in progress	19,583,788.41	-17,073.19		10,929,203.53		8,637,511.69
Finished goods	41,658,999.95	1,639,961.95		3,607,654.56		39,691,307.34
Cost to fulfill the contract	12,895,734.89			1,695,490.83		11,200,244.06
Total	107,846,867.00	1,706,145.73		17,434,146.47		92,118,866.26

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

9. Non-current assets due within one year

Items	Closing Balance	Opening Balance
Long-term receivables due within one year	57,550.43	57,550.43
Total	57,550.43	57,550.43

10. Other current assets

Item	Closing Balance	Opening Balance
Input VAT to be deducted	16,005,075.36	23,990,929.71
The amount of income tax prepaid	2,905,453.48	2,123,365.65
Prepaid VAT	503,333.71	139,723.58
Prepaid expenses	784,532.24	114,445.28
Contract acquisition cost	346,789.52	1,267,914.24
Total	20,545,184.31	27,636,378.46

11. Long term receivable

(1) Details

Item	Closing Balance			Discounted rate
	Carrying amount	Provision	Book value	
Lease premium	155,116.22	10,889.16	144,227.06	
---Unrealized financing income	-17,483.35		-17,483.35	
Total	155,116.22	10,889.16	144,227.06	

(2) Category of long-term receivable based on bad debt provision method

Items	Closing Balance				
	Booking balance		Provision		Booking value
	Amount	%	Amount	%	
Bad debt provision on group	155,116.22	100.00	10,889.16	7.02	144,227.06
Including: bank acceptance notes	155,116.22	100.00	10,889.16	7.02	144,227.06
Total	155,116.22	100.00	10,889.16	7.02	144,227.06

1) The bad debt provision based on group of long-term receivables

Aging	Closing Balance		
	Accounts receivable	Provision for bad debts	Drawing proportion (%)
Within 1 year	155,116.22	10,889.16	7.02%
Total	155,116.22	10,889.16	—

2) The bad debt provision under expected credit loss model

Bad debt provision	1 st stage	2 nd stage	3 rd stage	Total
	Expected credit loss within 12 months	Expected credit loss within the whole period (no impairment)	Expected credit loss within the whole period (impairment incurred)	
Opening balance	10,571.36	-	-	10,571.36
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	317.80	-	-	317.80
Reverse	-	-	-	-
Cancellation	-	-	-	-
Written off	-	-	-	-
Other movement	-	-	-	-
Closing balance	10,889.16	-	-	10,889.16

(3) Bad debt provision of long-term receivable for the year

Category	Opening balance	Change during the year				Closing Balance
		Accrued	Collected/ reversed	Written-off	Others	
Bad debt provision	10,571.36	317.80				10,889.16
Total	10,571.36	317.80				10,889.16

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	—	—	—	—	—	—	—	—	—	—	—
Dalian Honjo Chemical Co., Ltd	10,249,074.00				133,433.43						10,382,507.43
Keihin-Grand Ocean Thermal Technology (Dalian)Co.,Ltd.	53,322,286.73				-376,025.05						52,946,261.68
Dalian Fuji Bingshan Vending Machine Co., Ltd.	67,096,098.78				5,248,104.84						72,344,203.62
MHI Bingshan Refrigeration (Dalian) Co.,Ltd.	16,746,474.97				2,199,327.03						18,945,802.00
Dalian Fuji Bingshan Vending Machine Sales Co., Ltd											
Jiangsu Jingxue Insulation Technology Co.,Ltd (N4)	145,535,400.55				*. **			3,220,344.00			*. **
Dalian Bingshan Metal Technology Co.,Ltd.	135,904,723.22				13,572,735.20						149,477,458.42
Dalian Bingshan Group Huahuida Financial Leasing Co., Ltd	46,632,671.24				*. **			547,301.29			*. **
Wuhan Sikafu Power Control Equipment Co., Ltd	6,486,685.87				1,801,438.30						8,288,124.17
Total	481,973,415.36				24,534,336.83			3,767,645.29			502,740,106.90

13. Other non-current financial assets

Item	Closing Balance	Opening Balance
Financial assets classified as FVTPL	1,683,852.59	1,683,852.59
Including: equity instruments	1,683,852.59	1,683,852.59
Total	1,683,852.59	1,683,852.59

14. Investment property

(1) Investment property measured as cost model

Item	Property & building	Land-use-rights	Total
I. Initial cost	—	—	—
1. opening balance	246,262,548.24	26,094,438.38	272,356,986.62
2. addition	26,411,884.96		26,411,884.96
(1) FA\transferred from CIP	21,374,110.75		26,411,884.96
3. decrease	2,040,449.10		2,040,449.10
4. closing balance	270,633,984.10	26,094,438.38	296,728,422.48
II. Accumulated depreciation	—	—	—
1. opening balance	140,552,896.05	13,872,370.33	154,425,266.38
2. addition	3,144,767.42	450,573.06	3,595,340.48
(1) accrued/amortization	3,144,767.42	450,573.06	3,595,340.48
(2) FA\transferred from CIP			
3. decrease	1,129,899.19		1,129,899.19
4. closing balance	142,567,764.28	14,322,943.39	156,890,707.67
III. Impairment reserve	—	—	—
1. opening balance	-	-	-
2. addition			
3. decrease			
4. closing balance			
IV. Book value	—	—	—
1. Closing book value	128,066,219.82	11,771,494.99	139,837,714.81
2. Opening book value	105,709,652.19	12,222,068.05	117,931,720.24

(3) Investment property without ownership certificate

Item	Book value	Reason
Plant	11,756,581.06	Because the land use right and the plant's ownership belong to different person, the deed of the plant was not obtained. In 2023, the land use right is obtained, the certificate of the plant ownership is in progress

15. Fixed assets

Items	Closing Book Value	Opening Book Value
Fixed asset	1,201,658,993.95	1,211,794,069.63
Fixed asset disposal	-	-
Total	1,201,658,993.95	1,211,794,069.63

(1) Fixed assets detail

Item	Property& buildings	Machinery equipment	Transportation equipment	Other equipment	Total
I. Initial cost	—	—	—	—	—
1. Opening balance	992,337,822.26	1,764,934,321.53	23,455,664.81	240,887,426.59	3,021,615,235.19
2. Increase	10,281,201.31	43,380,830.73	974,735.93	1,215,878.54	55,852,646.51
(1) Purchase		2,003,365.38	534,221.78	452,502.15	2,990,089.31
(2) Transferred from construction-in-progress	8,240,752.21	28,324,368.02	440,514.15	763,376.39	37,769,010.77
(3) Acquired from business combination					
(4) financial lease	2,040,449.10	13,053,097.33			15,093,546.43
3. Decrease		8,670,426.50	1,187,807.04	825,541.90	10,683,775.44
(1) Disposal		8,670,426.50	1,187,807.04	825,541.90	10,683,775.44
(2) transferred int investment property					
4. Closing balance	1,002,619,023.57	1,799,643,930.89	23,242,593.70	241,278,558.10	3,066,784,106.26
II. Accumulated depreciation	—	—	—	—	—
1. Opening balance	372,093,415.44	1,247,262,870.08	16,914,057.97	162,661,650.26	1,798,931,993.75
2. Increase	14,456,119.40	43,807,333.16	693,344.66	6,465,251.84	65,422,049.06
(1) Accrued	13,326,220.21	43,807,333.16	693,344.66	6,465,251.84	64,292,149.87
(2) Acquired from business combination					
(3) financial lease	1,129,899.19				1,129,899.19
3. Decrease		8,357,880.83	951,705.24	729,872.47	10,039,458.54
(1) Disposal		8,357,880.83	951,705.24	729,872.47	10,039,458.54

Item	Property& buildings	Machinery equipment	Transportation equipment	Other equipment	Total
(2) transferred int investment property					
4.Closing balance	386, 549, 534. 84	1, 282, 712, 322. 41	16, 655, 697. 39	168, 207, 070. 12	1, 854, 314, 584. 27
III. Impairment reserve	—	—	—	—	—
1.Opening balance	1, 125, 906. 87	6, 836, 528. 22	286, 519. 26	2, 640, 217. 46	10, 889, 171. 81
2. Increase					
(1)Acquired from business combination					
3. Decrease		78, 065. 67		578. 10	78, 643. 77
(1) Disposal		78, 065. 67		578. 10	78, 643. 77
4.Closing balance	1, 125, 906. 87	6, 758, 462. 55	286, 519. 26	2, 639, 639. 36	10, 810, 528. 04
IV.Book value	—	—	—	—	—
1.Closing book value	614, 943, 581. 86	510, 173, 940. 80	6, 300, 377. 05	70, 431, 848. 62	1, 201, 658, 993. 95
2.Opening book value	619, 118, 499. 95	510, 834, 923. 23	6, 255, 087. 58	75, 585, 558. 87	1, 211, 794, 069. 63

(2) Fixed assets without ownership certificate

Item	Book value	Reason
Self -constructed buildings	28, 932, 050. 72	Up to June 30,2024, sum of net book value of the buildings without ownership certificate is 24,654,106.29 Yuan, they are all self-constructed buildings, which is the property of Sonyo Compressor (Dalian)Co., Ltd. Because the land right where the buildings stand on are not obtained, ownership certificate of the buildings are not ready.
Rihang Apartment	1, 775, 189. 70	The documents are not ready in full, the certificate of the building ownership can not be obtained.
Xinghai Bay Public Building	5, 100, 915. 63	The documents are not ready in full, the certificate of the building ownership can not be obtained.

16. Construction-in-progress

Item	Closing book value	Opening book value
Construction-in-progress	56,535,562.26	86,221,660.80
Construction materials		—
Total	56,535,562.26	86,221,660.80

(1) Construction-in-progress details

Item	Closing balance			Opening balance		
	Book balance	Provision	Book Value	Book balance	Provision	Book value
Buildings & reconstruction	15,467,437.75		15,467,437.75	29,766,943.79		29,766,943.79
Improvement of machinery	50,803,124.07	15,064,649.38	35,738,474.69	69,390,477.81	15,064,649.38	54,325,828.43
Software of intelligent manufacture	5,329,649.82		5,329,649.82	2,128,888.58		2,128,888.58
Total	71,600,211.64	15,064,649.38	56,535,562.26	101,286,310.18	15,064,649.38	86,221,660.80

(2) Change in the significant construction in progress

Name	Opening balance	Increase	Decrease		Closing balance
			Transfer to FA/ Intangible assets	Other decrease	
Buildings & reconstruction	50,382,135.57	1,420,402.19	20,682,040.64		31,120,497.12
Improvement of machinery	26,825,229.07	3,441,126.99	24,020,836.00		6,245,520.06
Total	77,207,364.64	4,861,529.18	44,702,876.64		37,366,017.18

(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	53,478,966.54	67.33%	67.33%	—	—	—	Self-financing
Improvement of machinery	17,069,787.18	97.36%	97.36%	—	—	—	Self-financing
Total	70,548,753.72	—	—	—	—	—	—

17. Right-of-use assets

Item	Property/ buildings	Machinery	Transportation equipment	Electronic equipment	Land use right	Software	Total
I. Initial cost	—	—	—	—	—		—
1.Opening balance	16,945,191.24	1,500,407.13	172,876.63	802,669.27	12,860,244.41	350,368.74	32,631,757.42
2. Increase							
(1) lease in							
(2) business combination							
3. Decrease							
(1) Disposal							
(2) transferred into FA							
4.Closing balance							
II. Accumulated amortization							
1.Opening balance	5,748,173.03	970,803.82	89,895.91	173,911.66	2,286,444.48	43,796.06	9,313,024.96
2. Increase	2,953,754.03	237,564.48	41,490.42	80,266.92	285,805.56	37,539.48	3,636,420.8
(1) Accrued	2,953,754.03	237,564.48	41,490.42	80,266.92	285,805.56	37,539.48	3,636,420.8
(2) business combination							
3. Decrease							
(1) Disposal							
(2) transferred into FA							
4.Closing balance	8,701,927.06	1,208,368.30	131,386.33	254,178.58	2,572,250.04	81,335.54	12,949,445.85

Item	Property/ buildings	Machinery	Transportation equipment	Electronic equipment	Land use right	Software	Total
III. Impairment reserve	—	—	—	—	—		—
1. Opening balance	-	-	-	-	-		-
2. Increase	-	-	-	-	-		-
3. Decrease	-	-	-	-	-		-
4. Closing balance	-	-	-	-	-		-
IV. Book value	—	—	—	—	—		—
1. Closing book value	8,243,264.18	292,038.83	41,490.30	548,490.69	10,287,994.37	269,033.20	19,682,311.57
2. Opening book value	11,197,018.21	529,603.31	82,980.72	628,757.61	10,573,799.93	306,572.68	23,318,732.46

18. Intangible assets

Item	Land use right	Patent	Non-Patent	Others	Total
I. Initial cost	—	—	—	—	—
1. Opening balance	240,905,737.40	17,630,188.82	5,773,680.00	80,663,366.89	344,972,973.11
2. Increase				918,264.67	918,264.67
(1) Purchase				482,793.40	482,793.40
(2) Transferred from construction-in-progress	—			435,471.27	435,471.27
(3) increase via merge					
3. Decrease	—	—	—	1,913,522.19	1,913,522.19
(1) Disposal	—	—	—	1,913,522.19	1,913,522.19
4. Closing balance	240,905,737.40	17,630,188.82	5,773,680.00	79,668,109.37	343,977,715.59
II. Accumulated amortization	—	—	—	—	—
1. Opening balance	77,888,475.40	11,899,704.45	5,273,712.00	45,900,023.90	140,961,915.75
2. Increase	2,803,920.26	714,758.10	250,002.00	4,083,033.71	7,851,714.07
(1) Accrued	2,803,920.26	714,758.10	250,002.00	4,083,033.71	7,851,714.06
(2) Increase from merger					
3. Decrease				1,556,228.60	1,556,228.60
(1) Disposal				1,556,228.60	1,556,228.60
4. Closing balance	80,692,395.66	12,614,462.55	5,523,714.00	48,426,829.01	147,257,401.22
III. Impairment provision	—	—	—	—	—
1. Opening balance				11,981.17	11,981.17
2. Increase					
(1) Increase from merger					
3. Decrease					
(1) Disposal					
4. Closing balance				11,981.17	11,981.17
IV. Book value	—	—	—	—	—
1. Closing book value	160,213,341.74	5,015,726.27	249,966.00	31,229,299.19	196,708,333.20
2. Opening book value	163,017,262.00	5,730,484.37	499,968.00	34,751,361.82	203,999,076.19

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	
Sonyo Compressor (Dalian)Co., Ltd	240,922,872.80	-	-	-	-	240,922,872.80
Sonyo Refrigeration (Dalian) Co., Ltd.(N1)	38,056,663.52		-	-	-	38,056,663.52
Sonyo Refrigeration System (Dalian) Co., Ltd.	5,671,836.12		-	-	-	5,671,836.12
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
Total	286,402,171.93		-	-	-	286,402,171.93

(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 Engineering 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 Engineering 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.

In 2023, the Company purchased 40% of the shareholdings of Sonyo Refrigeration (Dalian) Co., Ltd. from Panasonic Corporation of China Co., LTD and 60% shareholdings of Sonyo Refrigeration (Dalian) Co., Ltd from Sanyo Electric (China)Co., Ltd. This transaction is a business combination not under same control, cost of combination is the consideration of 145,285,500.00 Yuan for share transfer. Goodwill of 38,056,663.52Yuan is recognized for the difference between the share of FV of net identifiable asset of acquire. 107,228,836.48Yuan and cost of combination on acquisition date.

The book value of goodwill from business combination 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 recoverable amount of related asset groups containing goodwill in accordance with the present value of future cash flows including gross profit rate, sales growth rate (1%-8%), discount rate(10.74%-11.62%) and other parameters in the next 5 years. No goodwill impairment has been found when the recoverable amount of asset group for testing is higher than its book value.

20. Long-term unamortized expense

Item	Opening Balance	Increase	Amortization	Other Decrease	Closing balance
Greenland of new factory	2,155,945.54		446,057.76		1,709,887.78
Employee's dormitory use right	1,319,778.75		60,473.82		1,259,304.93
Membership fee for golf	357,500.00		8,250.00		349,250.00
Renovation and rebuilding	1,734,482.95	1,461,838.40	324,391.88		2,871,929.47
Amortization of instruments	111,479.45		42,801.54		68,677.91
Technology entrance fee of cold and heat machinery	40,416.57	21,026.27	7,482.01		53,960.83
Total	5,719,603.26	1,482,864.67	889,457.01		6,313,010.92

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 impairment of assets	124,533,838.58	18,828,585.85	134,581,459.34	20,319,705.43
Deductible losses			7,223,987.87	1,083,598.18
Provision for credit impairment	450,139,587.68	78,028,689.10	435,919,173.38	75,919,841.22
FA depreciation	54,071,935.80	8,110,790.37	54,071,935.80	8,110,790.37
Lease liability	2,123,776.86	422,795.78	9,109,228.24	1,470,613.49
Unrealized revenue	12,912,057.50	3,228,014.38	12,912,057.50	3,228,014.38
Government subsidy	12,244,929.33	1,836,739.40	12,244,929.32	1,836,739.40
Accrued sales discount	16,775,734.14	2,516,360.12	16,775,734.14	2,516,360.12
Deductible loss	2,301,229.56	378,294.47	2,301,229.56	378,294.47
Unrealized profit from internal transaction	13,034,503.47	1,955,175.52	13,034,503.47	1,955,175.52
Others	8,684,565.80	1,302,684.86	1,460,577.94	219,086.69
Total	696,822,158.72	116,608,129.85	699,634,816.56	117,038,219.27

(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	203,419,256.37	30,512,888.46	216,909,045.47	32,536,356.82
FA depreciation	39,837,868.05	5,975,680.21	40,073,339.62	6,011,000.94
Use right of asset	13,251,579.59	228,702.47	8,262,320.31	1,339,915.36
Total	256,508,704.01	36,717,271.14	265,244,705.40	39,887,273.12

(3) Net deferred 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	12,138,857.94	104,469,271.91	13,285,391.56	103,752,827.71
Deferred tax liabilities	12,138,857.94	24,578,413.20	13,285,391.56	26,601,881.56

(4) Unrecognized deferred tax assets details

Item	Closing balance	Opening balance
Deductible temporary difference	211, 404, 564. 04	77, 793, 766. 46
Deductible loss	456, 163, 169. 34	518, 523, 346. 16
Total	667, 567, 733. 38	596, 317, 112. 62

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

Year	Closing balance	Opening balance	Notes
2025	8, 511, 750. 48	9, 324, 721. 56	—
2026	53, 191, 704. 76	54, 629, 003. 37	—
2027	64, 968, 622. 49	65, 263, 403. 90	—
2028	55, 941, 615. 57	55, 941, 615. 57	—
2029	37, 725, 073. 45	37, 412, 135. 40	—
2030	8, 559, 346. 09	8, 559, 346. 09	—
2031	90, 555, 088. 08	99, 102, 467. 44	—
2032	20, 014, 110. 15	20, 100, 936. 15	—
2033	97, 400, 322. 04	117, 623, 814. 71	—
2034	19, 295, 536. 23	50, 565, 901. 97	—
Total	456, 163, 169. 34	518, 523, 346. 16	—

22. Other non-current asset

Category	Closing Balance			Opening balance		
	Book value	Provision	Carrying amount	Book value	Provision	Carrying amount
Debt offset housing	21, 770, 721. 00	1, 609, 486. 12	20, 161, 234. 88	21, 770, 721. 00	1, 609, 486. 12	20, 161, 234. 88
Total	21, 770, 721. 00	1, 609, 486. 12	20, 161, 234. 88	21, 770, 721. 00	1, 609, 486. 12	20, 161, 234. 88

23. Assets with restricted ownership or use rights

Item	At the period end			
	Book value	Carrying amount	Type	Restriction
Monetary fund	30, 773, 360. 66	30, 773, 360. 66	Frozen	Guarantee deposit/ frozen bank account
Notes receivable	7, 680, 962. 04	7, 680, 952. 04	Pledged	Pledged
FA	96, 530, 705. 63	62, 400, 909. 71	Pledged	Pledged
Intangible asset	8, 266, 573. 44	5, 037, 630. 97	Pledged	Pledged
Financing of receivable	72, 147, 362. 65	72, 147, 362. 65	Pledged	Pledged
Investment property	39, 307, 513. 52	30, 852, 723. 07	Pledged	Pledged
Total	254, 706, 477. 94	208, 892, 939. 10	—	—

(continued)

Item	At the beginning of the period			
	Book value	Carrying amount	Type	Restriction
Monetary fund	40,157,949.96	40,157,949.96	Frozen	Guarantee deposit/ frozen bank account
Notes receivable	8,555,115.03	8,555,115.03	Pledged	Pledged
FA	89,706,820.32	58,150,963.78	Pledged	Pledged
Intangible asset	8,266,573.44	5,120,297.71	Pledged	Pledged
Financing of receivable	129,115,879.46	129,115,879.46	Pledged	Pledged
Investment property	38,955,728.90	31,214,402.83	Pledged	Pledged
Total	314,758,067.11	272,314,608.77	—	—

24. Short-term borrowing

(1) Category of short-term borrowing

Loan category	Closing balance	Opening balance
Credit loan	140,192,101.14	149,334,095.56
Factoring loan	4,742,850.55	15,271,202.33
Mortgage loan	4,000,000.00	2,000,000.00
Pledged loan	1,103,759.00	678,109.37
Total	150,038,710.69	167,283,407.26

25. Notes payable

Notes Category	Closing balance	Opening balance
Commercial acceptance notes	501,079,228.40	569,117,426.19
Bank acceptance notes	4,995,600.00	
Total	506,074,828.40	569,117,426.19

26. Accounts payable

Item	Closing balance	Opening balance
Material payments	942,249,625.73	860,628,492.89
Project payments	757,017,262.57	696,387,654.58
Equipment payments	43,402,407.76	38,362,719.82
Others	5,580,565.00	6,002,923.51
Total	1,748,249,861.06	1,601,381,790.80

27. Other accounts payable

Item	Closing balance	Opening balance
Interest payable	-	-
Dividend payable	42,693,781.35	533,156.00
Other accounts payable	219,883,953.68	226,828,051.96
Total	262,577,735.03	227,361,207.96

27.1 Dividend payable

Item	Closing balance	Opening balance
Ordinary share dividend	42,693,781.35	533,156.00
Total	42,693,781.35	533,156.00

27.2 Other accounts payable

(1) Other payables categorized by payments nature

Payments nature	Closing balance	Opening balance
Supplier platform	154,588,037.48	138,427,047.31
Cash pledge and security deposit	15,793,923.50	17,352,388.67
Apply for reimbursement and unpaid	13,448,702.02	17,093,300.41
Receivables and payables	6,555,803.29	13,486,275.11
Agency fees	5,424,237.19	6,811,472.88
Repair	479,591.65	3,173,010.34
Trade mark and royalty	2,618,258.31	2,403,064.87
Others	20,975,400.24	28,081,492.37
Total	219,883,953.68	226,828,051.96

28. Contract liability

(1) Contract liability

Item	Closing balance	Opening balance
Received in advance due from unrealized revenue	477,594,504.16	645,711,808.53
Total	477,594,504.16	645,711,808.53

29. Employee's payable

(1) Category of employee's payable

Item	Opening balance	Increase	Decrease	Closing balance
Short-term employee's payable	146,537,598.85	304,372,470.47	387,232,093.83	63,677,975.49

Item	Opening balance	Increase	Decrease	Closing balance
Post-employment benefit – defined contribution plan	197,097.17	37,474,377.17	37,653,229.21	18,245.13
Termination benefits		2,824,771.78	2,824,771.78	
Total	146,734,696.02	344,671,619.42	427,710,094.82	63,696,220.62

(2) Short-term employee's payables

Item	Opening balance	Increase	Decrease	Closing balance
Salaries, bonus, allowance, and subsidy	134,604,912.37	233,896,836.49	315,336,139.14	53,165,609.72
Welfare		12,765,899.75	12,765,899.75	
Social insurance	121,879.20	25,129,298.35	25,239,077.10	12,100.45
Include: Medical insurance	98,556.21	20,489,479.36	20,576,409.64	11,625.93
Supplementary medical insurance		52,368.44	52,368.44	
On-duty injury insurance	12,696.16	2,338,944.52	2,351,166.16	474.52
Maternity insurance	10,626.83	2,248,506.03	2,259,132.86	
Housing funds	82,173.00	25,694,517.35	25,569,698.39	206,991.96
Labor union and training expenses	3,619,427.60	5,262,981.02	6,649,797.02	2,232,611.60
Reward bonus and welfare fund	8,109,206.68	61,295.83	109,840.75	8,060,661.76
Others		1,561,641.68	1,561,641.68	
Total	146,537,598.85	304,372,470.47	387,232,093.83	63,677,975.49

(3) Defined contribution plan

Item	Opening balance	Increase	Decrease	Closing balance
Pension	191,119.00	36,313,110.23	36,486,577.27	17,651.96
Unemployment insurance	5,978.17	1,161,266.94	1,166,651.94	593.17
Total	197,097.17	37,474,377.17	37,653,229.21	18,245.13

30. Tax payable

Item	Closing balance	Opening balance
Value-added tax	12,427,654.06	8,385,659.83
Enterprise income tax	4,397,237.32	15,275,100.75
Individual income tax	321,367.24	501,446.30
City maintenance and construction tax	1,165,274.08	833,824.30
Real estate tax	2,746,182.72	2,658,712.33
Land use tax	1,314,958.95	1,313,359.14
Stamp duty	602,599.97	711,220.14
Education surcharge	832,338.63	595,588.79
River toll fee	1,020.71	1,669.18
Total	23,808,633.68	30,276,580.76

31. Non-current liabilities due within one year

Item	Closing balance	Opening balance
Bond payable due within one year	180,900,000.00	139,783,355.56
Long-term payable due within one year	15,300,471.70	15,006,026.71
Lease obligation due within one year	10,180,726.46	6,631,690.45
Total	206,381,198.16	161,421,072.72

32. Other current liabilities

Item	Closing balance	Opening balance
Notes payable endorsed not derecognized	168,623,428.43	145,160,311.19
Output Vat to be carried forward	31,334,933.92	45,849,215.48
Total	199,958,362.35	191,009,526.67

33. Long-term borrowing

(1) Category of long-term borrowing

Category	Closing Balance	Opening Balance
Pledged loan	417,200,000.00	501,031,874.58
Mortgage loan	5,750,000.00	6,300,000.00
Guarantee loan		40,014,666.67
Total	422,950,000.00	547,346,541.25

34. Lease obligation

(1) Details of lease obligation

Category	Closing Balance	Opening Balance
Lease payment	41,103,394.70	44,764,698.58
Less: unrecognized finance expense	17,381,867.02	19,061,162.35

Non-current liability due within 1 year	10,180,726.46	6,631,690.45
Total	13,540,801.22	19,071,845.78

35. Long term accounts payable

Item	Closing Balance	Opening Balance
Long term accounts payable	22,165,994.87	12,451,396.59
Special fund payable	—	—
Total	22,165,994.87	12,451,396.59

35.1 Category by nature

Item	Closing Balance	Opening Balance
Financial lease borrowings	22,165,994.87	12,451,396.59
Total	22,165,994.87	12,451,396.59

36. Provision

Nature	Closing Balance	Opening Balance	Reason
Warranty	2,968,955.79	2,301,229.53	Service after sales
Others		402,140.00	—
Total	2,968,955.79	2,703,369.53	—

37. Deferred income

(1) Category of deferred income

Item	Opening Balance	Increase	Decrease	Closing Balance
Government subsidy	90,733,480.29	12,229,265.00	5,032,715.22	97,930,030.07
Total	90,733,480.29	12,229,265.00	5,032,715.22	97,930,030.07

38. 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

39. Capital reserves

Items	Opening Balance	Increase	Decrease	Closing Balance
Share premium	669,193,413.27	-	-	669,193,413.27
Other capital reserves	47,903,685.11	-	-	47,903,685.11
Total	717,097,098.38	-	-	717,097,098.38

40. Other comprehensive income

Items	Opening Balance	2025.1-6					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	2,208,669.73	-	-	-	-	-	2,208,669.73
Other comprehensive income that can be transferred to profit or loss under the equity method	2,208,669.73	-	-	-	-	-	2,208,669.73
Other comprehensive income total	2,208,669.73	-	-	-	-	-	2,208,669.73

41. Special reserve

Item	Opening Balance	Increase	Decrease	Closing Balance
Manufacturing safety		6,326,404.28	4,794,498.93	1,531,905.35
Total		6,326,404.28	4,794,498.93	1,531,905.35

42. Surplus reserves

Item	Opening Balance	Increase	Decrease	Closing Balance
Statutory surplus reserve	381,004,768.39			381,004,768.39
Discretionary surplus reserve	514,613,745.30	15,212,024.95		529,825,770.25
Total	895,618,513.69	15,212,024.95		910,830,538.64

43. Undistributed profits

Item	2025-06-30	2024-06-30
Closing balance of last year	673,966,177.84	617,386,488.34
Add: Adjustments to the opening balance of undistributed profits		
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		-
Opening balance of current year	673,966,177.84	617,386,488.34
Add: net profit attributable to shareholders of parent company in the year	79,541,057.88	110,335,139.06
Less: Provision for statutory surplus reserves		7,606,012.47
Provision for any surplus reserves	15,212,024.95	20,853,061.88
Provision of general risk		
Dividends payable for common shares	42,160,625.35	25,296,375.21
Common stock dividends converted to equity		-
Others		-
Closing balance of current year	696,134,585.42	673,966,177.84

44. Operating revenue and cost

(1) Details

Items	2025.01-06		2024.01-06	
	Sales revenue	Cost of sales	Sales revenue	Cost of sales
Revenue from principle operation	2,362,230,695.01	1,993,534,916.62	2,386,331,445.01	2,024,384,701.81
Revenue from other operation	39,002,034.34	15,692,539.35	76,945,904.69	33,520,104.93
Total	2,401,232,729.35	2,009,227,455.97	2,463,277,349.70	2,057,904,806.74

(2) Main revenue and COS details

Contract classification	Northeast China		Central China		Total	
	Sales revenue	Cost of sales	Sales revenue	Cost of sales	Sales revenue	Cost of sales
Classified by products	2,252,998,648.37	1,882,613,774.72	148,234,080.98	126,613,681.25	2,401,232,729.35	2,009,227,455.97
Manufacture products	1,537,395,167.90	1,232,456,109.82	66,415,398.58	55,307,407.00	1,603,810,566.48	1,287,763,516.82
Project installation	663,579,747.93	620,344,180.43	72,634,565.63	67,635,389.13	736,214,313.56	687,979,569.56
Other products and service	52,023,732.54	29,813,484.47	9,184,116.77	3,670,885.12	61,207,849.31	33,484,369.59
Classified by geography location	2,252,998,648.37	1,882,613,774.72	148,234,080.98	126,613,681.25	2,401,232,729.35	2,009,227,455.97
domestic	1,896,752,225.12	1,601,702,587.32	148,234,080.98	126,613,681.25	2,044,986,306.10	1,728,316,268.57
overseas	356,246,423.25	280,911,187.40			356,246,423.25	280,911,187.40
Timing of goods transferred	2,252,998,648.37	1,882,613,774.72	148,234,080.98	126,613,681.25	2,401,232,729.35	2,009,227,455.97
At a point	2,252,998,648.37	1,882,613,774.72	148,234,080.98	126,613,681.25	2,401,232,729.35	2,009,227,455.97
Over the time						
Total	2,252,998,648.37	1,882,613,774.72	148,234,080.98	126,613,681.25	2,401,232,729.35	2,009,227,455.97

45.Taxes and surcharges

Items	2025.01-06	2024.01-06
City construction tax	3,907,867.19	4,191,721.90
Education surcharge	2,693,076.94	2,740,655.69
Property tax	5,414,391.06	5,346,186.58
Land use tax	2,712,679.52	2,714,905.32
Vehicle and vessel tax	23,497.80	49,121.12
Stamp duty	1,331,459.29	1,389,274.77
Others	173,423.48	257,847.91
Total	16,256,395.28	16,689,713.29

46. Administrative expenses

Items	2025.01-06	2024.01-06
Employee benefit	68,721,370.50	62,779,122.02
Official expense	15,774,683.57	12,880,098.25
Depreciation expense	12,022,085.70	12,380,628.31
Maintenance and repair expense	1,589,653.02	2,660,876.68
Long-term assets amortization	5,381,646.45	4,696,609.89
Travel expense	4,386,732.64	2,907,381.61
Design consultant and test service expense	3,174,657.30	6,150,789.45
Safety production cost	1,994,019.39	1,286,894.88
Business entertaining expense	1,664,947.39	1,358,411.52
Insurance expense	967,662.39	1,050,875.97
Advertisement expense	168,642.18	317,148.02
Transportation expense	4,238.32	5,558.70
Patent trade mark use	4,696,215.64	5,813,169.52
Other expense	2,103,345.07	7,210,817.25
Total	122,649,899.56	121,498,382.07

47.Selling expenses

Items	2025.01-06	2024.01-06
Employee benefit	68,196,742.22	70,800,262.71
Official business expense	8,567,397.72	8,848,020.72
Maintenance and repair expense	8,362,840.54	6,826,899.98
Travel expense	8,396,214.18	9,885,383.72
Business entertaining expense	3,835,075.56	5,864,137.26
Advertisement and bids expense	4,957,078.21	2,944,327.33
Depreciation expense	1,107,441.98	1,228,970.66

Other expense	3,334,021.46	3,761,988.98
Total	106,756,811.87	110,159,991.36

48. Technology development expense

Items	2025.01-06	2024.01-06
Employee benefit	44,006,837.73	49,067,952.99
Raw material	5,966,648.85	11,856,892.82
Depreciation and amortization expense	7,354,601.96	7,715,801.12
Other expense	11,838,237.37	9,904,215.54
Total	69,166,325.91	78,544,862.47

49. Financial expenses

Items	2025.01-06	2024.01-06
Interest expenses	44,006,837.73	49,067,952.99
Less: interest income	5,966,648.85	11,856,892.82
Add: exchange loss	7,354,601.96	7,715,801.12
Add: others expenditure	11,838,237.37	9,904,215.54
Total	69,166,325.91	78,544,862.47

50. Other income

Items	2025.01-06	2024.01-06
Input VAT accelerated deduction	6,740,857.47	8,513,525.41
Government subsidy	1,812,199.32	7,934,984.31
Personal income tax handling fee refund	215,957.44	145,820.73
Job stability subsidy	3,000.00	808,165.00
Insurance premium refund		353,284.24
VAT deduction for recruiting poor people		
Gain on debt restructuring		
Land and property tax preference		
VAT return		
Return of premium		
Total	8,772,014.23	17,755,779.69

51. Gain on fair value change e(loss listed as “-”)

Source of gain on FV change	2025.01-06	2024.01-06
Other noncurrent financial assets		-14,510,310.64
Total		-14,510,310.64

52. Investment income

Items	2025.01-06	2024.01-06
Long-term equity investment gain under equity method	24,534,336.83	17,218,698.46
Gain from disposal of long-term equity investment		
Gain from FV remeasurement of the shares on obtaining control		
Gain from holding of other noncurrent financial assets		4,364,003.20
Gain from disposal of other no-current financial assets		
Gain on debt restructuring	-1,358,198.53	910,520.61
Discounting fees for bank acceptance note		
Dividend received for other equity instrument held		
Total	23,176,138.30	22,493,222.27

53.Credit impairment loss (loss listed as “-”)

Items	2025.01-06	2024.01-06
Bad debt loss on notes receivable	813,434.62	-612,136.60
Bad debt loss on receivable	-10,807,617.01	-15,906,178.09
Bad debt loss on other receivable	126,546.39	112,093.80
Bad debt loss on long term receivable	-317.80	
Total	-9,867,953.80	-16,406,220.89

54.Assets impairment losses (loss listed as “-”)

Items	2025.01-06	2024.01-06
Loss on impairment of inventory and cost to fulfill the contract obligation	-1,706,145.73	3,548,827.87
Loss of contract asset impairment	-2,002,432.69	1,369,160.31
Impairment on other non-current asset		
Impairment on construction in progress		
Total	-3,708,578.42	4,917,988.18

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

Item	2025.01-06	2024.01-06
Gain on non-current assets disposal	-63,648.71	10,550,303.70
Including: gain on non-current assets disposal not classified as held for sale	-63,648.71	10,550,303.70
Including: gain on fixed assets disposal	-63,648.71	10,550,303.70
gain on intangible assets disposal		
gain on early derecognition of use right asset		-40,830.85
Total	-63,648.71	10,550,303.70

56. Non-operating income

Item	2025.01-06	2024.01-06	Amounts recognized into non-recurring profit or loss for the period
Loss claimed reverse	64,190.50		64,190.50
Penalty received	2,374,522.71	3,067,629.25	2,374,522.71
Payables that cannot be paid	1,708,642.64	2,123,403.42	1,708,642.64
Gain on disposal of non-current asset	96,776.27	1,481.98	96,776.27
Contract withdrawn and received in advance transferred to non-operating income	1,224,522.13		1,224,522.13
Other items	65,352.90	283,158.78	65,352.90
Total	5,534,007.15	5,475,673.43	5,534,007.15

57. Non-operating expenses

Item	2025.01-06	2024.01-06	Amounts recognized into non-recurring profit or loss for the period
Non-current assets scrap loss	422,433.35	4,420,396.06	422,433.35
Compensation			
Outward donation			
Expected loss for open litigation	306,937.79	516,107.28	306,937.79
Others	837,225.94	572,453.25	837,225.94
Total	1,566,597.08	5,508,956.59	1,566,597.08

58. Income tax expenses

(1) Income tax expenses

Items	2025.01-06	2024.01-06
Current income tax expenses	15,216,378.89	16,005,090.09
Deferred income tax expenses	-3,773,177.87	-4,728,395.28
Others		374,987.78
Total	11,443,201.02	11,651,682.59

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

Items	Current year
Consolidated total profit this year	93,980,627.30
Income tax expenses at applicable tax rate	14,097,094.10
Effect on subsidiary applied to different tax rate	1,084,214.38
Effect on prior period income tax adjustment	266,914.32

Items	Current year
Effect on non-taxable income	-61,952.97
Effect on use of deductible loss from unrecognized deferred tax assets in the prior period	-4,707,420.79
Effect on temporary difference or deductible loss from unrecognized deferred tax assets this year	1,664,312.27
Deferred tax assets recognized for prior period temporary difference	-899,960.29
Income tax expense	11,443,201.02

59. Notes to cash flow statement

(1) Cash relevant to operating activities

1) Cash received relevant to operating activities

Items	2025.01-06	2024.01-06
Deposit returned	26,813,637.19	19,546,006.90
Financial funds	12,225,397.08	6,153,512.71
Lease premium received	4,308,103.91	4,827,543.24
Interest income	3,483,396.12	3,021,045.94
Receivable from the 3 rd party		160,267.63
Compensation	734,647.32	498,732.48
Received travel expense refund	783,253.97	416,772.56
Frozen money refund		18,333,197.58
Others	4,217,529.17	10,469,902.40
Total	52,565,964.76	63,426,981.44

2) Cash paid relevant to operating activities

Items	2025.01-06	2024.01-06
Expenditure	83,116,319.48	82,964,653.33
Deposit paid	27,778,877.46	25,735,227.66
Frozen accounts	873,417.33	1,843,055.00
Business travel borrowing	7,020,182.36	7,177,139.72
Bank handling charges	1,074,866.85	1,611,363.39
Unsettled AR/AP among non-related party		608,227.80
Others	3,430,954.49	4,116,301.50
Total	123,294,617.97	124,055,968.40

(2) Cash relevant to investing activities

1) Significant cash received relevant to investing activities

Items	2025.01-06	2024.01-06
Fixed-term deposit	50,000,000.00	

Total	50,000,000.00	
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2) Other cash paid relevant to investing activities

Items	2025.01-06	2024.01-06
Fixed-term deposit	50,000,000.00	
Total	50,000,000.00	

3) Significant cash paid relevant to investing activities

Items	2025.01-06	2024.01-06
Purchase of long-term asset	58,382,614.61	33,848,073.69
Fixed-term deposit	50,000,000.00	
Total	108,382,614.61	33,848,073.69

(3) Cash relevant to financing activities

1) Other cash received relevant to financing activities

Items	2025.01-06	2024.01-06
Notes payable to supplier	3,943,611.11	
Sale leaseback and financial lease	2,000,000.00	13,464,836.83
Notes discounted		
Total	5,943,611.11	13,464,836.83

2) Others cash paid relevant to financing activities

Items	2024.01-06	2023.01-06
Payment of guarantee money		
Notes payable to supplier	11,842,104.45	29,687,571.06
Sale& leaseback and financial lease	4,096,677.84	12,217,913.52
Payment factoring	3,246,537.60	16,703,418.10
Lease premium payable	1,759,390.01	2,031,692.90
Finance lease deposit and handling fee		
Discount interest on credit letter		
Total	20,944,709.90	60,640,595.58

60. Supplementary information of consolidated cash flow statement

(1) Information

Items	2025.01-06	2024.01-06
1. Adjusting net profit into cash flows of operating activities:		
Net profit	82,537,426.28	79,252,830.57
Add: Provision for impairment of assets	13,576,532.22	11,488,232.70
Provision for impairment of credit		
Depreciation of fixed assets, Amortization of mineral resources, and biological assets	67,887,490.35	67,157,882.50
Depreciation of right-of-use assets	3,636,420.89	5,049,363.00
Amortization of intangible assets	7,851,714.06	6,555,921.51
Amortization of long-term deferred expenses	889,457.01	850,764.59
Losses on disposal of fixed assets, intangible assets, and long-term assets (income listed with"-")	63,648.71	-10,550,303.70
Losses on write-off of fixed assets (income listed with"-")	325,657.08	4,418,914.08
Change of fair value profit or loss		14,510,310.64
Financial expense (income listed with"-")	12,476,605.05	17,854,195.43
Investment loss (income listed with"-")	-23,176,138.30	-22,493,222.27
Decrease of deferred tax assets (increase listed with"-")	-716,444.20	-5,849,741.67
Increase of deferred tax liabilities (decrease listed with"-")	-2,023,468.36	-3,913,392.37
Decrease of inventories (increase listed with"-")	164,223,515.73	208,299,575.18
Decrease of operating receivables (increase listed with"-")	-288,615,900.68	-72,167,535.80
Increase of operating payables (decrease listed with"-")	-39,969,030.30	-333,049,779.14
Others		
Net cash flows arising from operating activities	-1,032,514.46	-32,585,984.75
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	-	-

Items	2025.01-06	2024.01-06
3. Net increase (decrease) of cash and cash equivalent	—	—
Closing balance of cash	779,437,327.55	550,294,029.37
Less: Opening balance of cash	951,579,683.60	670,440,335.98
Add: Closing balance of cash equivalent	—	—
Less: Opening balance of cash equivalent	—	—
Net increase of cash and cash equivalent	-172,142,356.05	-120,146,306.61

(2) Cash and cash equivalents

Items	2025.01-06	2024.01-06
Cash	779,437,327.55	951,579,683.60
Including: Cash on hand	8,767.32	28,585.88
Bank deposit used for paying at any moment	779,437,327.55	951,579,683.60
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	779,437,327.55	951,579,683.60
Cash and cash equivalents with restriction within the Company and its subsidiaries of the group	—	—

(3) Monetary fund not belonging to cash and cash equivalent

Items	2025.01-06	2024.01-06	Reasons
Fixed term deposit	50,000,000.00	168,000,000.00	Held to maturity
Guarantee money for bank acceptance note	13,545,500.81	36,876,793.17	Guarantee money
Guarantee money for guarantee letter	7,035,512.05	15,800,743.03	Guarantee money
Frozen	6,650,265.95	4,433,975.45	Frozen
Rural workers' salary account restriction	3,191,024.44	250,983.28	Special account
Interest receivable	217,708.30	4,026,730.52	Held to maturity
Rural workers' Guarantee money	351,057.41		Guarantee money
Total	80,991,068.96	229,389,225.45	—

61.Change of shareholder's equity

None

62.Monetary category of foreign currency

(1) Monetary category of foreign currency

Item	Closing Balance (foreign currency)	Exchange Rate	Closing Balance (RMB)
Cash	—	—	—
Including: USD	2,080,426.73	7.1586	14,892,942.79
JPY	239,935,087.00	0.049594	11,899,340.70
Euro	249,710.42	8.4024	2,098,166.83
HK\$			
Accounts receivable	—	—	—
Including: USD	7,672,082.91	7.1586	54,921,372.72
JPY	53,734,018.00	0.049594	2,664,884.89
Euro	841,762.80	8.4024	7,072,827.75
GBP			
Accounts payable	—	—	—
Including: USD	1,095,651.47	7.1586	7,843,330.61
GBP			
JPY	83,416,134.40	0.049594	4,136,939.77
Other accounts payable	—	—	—
Including: JPY	8,304,510.00	0.049594	411,853.87

63. Lease

(1) As a lessee

Items	2025.01-06	2024.01-06
Interest expense on lease liabilities	836,389.40	1,749,714.52
Short-term lease expense recognized in income statement	839,203.46	642,606.08
Low-value asset lease expense recognized in income statement (excl short-term lease)	—	—
Income from the sublease of the right-of-use the assets	—	—
Sum of cash outflows related to leases	1,729,755.25	1,454,819.72
Cash inflow from sale and leaseback transactions	765,653.09	—
Cash outflow from sale and leaseback transactions	2,426,991.15	—

(1) As a lessor

Operating lease

Items	Lease income	Include: income related to variable lease payments not included in lease payment receivable
Office and plant	9,871,506.90	—

Items	Lease income	Include: income related to variable lease payments not included in lease payment receivable
Apartment		-
Total	9,871,506.90	-

VIII .Research and development expense

Items	2025.01-06	2024.01-06
Employee benefit	44,006,837.73	49,067,952.99
Raw material	5,966,648.85	11,856,892.82
Depreciation and amortization expense	7,354,601.96	7,715,801.12
Other expense	11,838,237.37	9,904,215.54
Total	69,166,325.91	78,544,862.47
Expensed R&D	69,166,325.91	78,544,862.47

IX. Change of Consolidation Scope

The scope of consolidation at the end of the reporting period increased by one compared to the beginning of the year, which is Dalian Bingshan Engineering & Trading (Hong Kong) Co., Ltd.

X. Interest in other entity

1.Equity of subsidiaries

(1) Organization structure of group company

Name of subsidiaries	Registered capital (10K)	Main business address	Registered address	Business nature	Shareholding (%)		Obtaining method
					Direct	Indirect	
Dalian Bingshan Group Engineering Co., Ltd.	30,000.00	Dalian	Dalian	Installation	100	-	Establish
Chengdu Bingshan Refrigeration Engineering Co., Ltd.	1,000.00	Chengdu	Chengdu	Service	-	51	Establish
Dalian Bingshan Group Sales Co., Ltd.	1,800.00	Dalian	Dalian	Trading	100	-	Establish
Dalian Bingshan Air-conditioning Equipment Co., Ltd.	8,254.00	Dalian	Dalian	Manufacturing	100	-	Establish
Dalian Bingshan Guardian	5,070.07	Dalian	Dalian	Manufacturing	100	-	Establish

Company Name	Registered Capital	Main Business	Registered Office	Business Nature	Shareholding (%)		Obtaining
Automation Co., Ltd.							
Dalian Bingshan- RYOSETSU Quick Freezing Equipment Co., Ltd.	5,757.87	Dalian	Dalian	Manufacturing	100	-	Establish
Wuhan New World Refrigeration Industrial Co., Ltd.	20,000.00	Wuhan	Wuhan	Manufacturing	100	-	Acquisition
Wuhan New World Air- conditioning Refrigeration Engineering Co., Ltd	3,500.00	Wuhan	Wuhan	Installation	-	100	Establish
Wuhan Lanning Energy Technology Co., Ltd.	2,200.00	Wuhan	Wuhan	Trading	-	100	Acquisition
Dalian Universe Thermal Technology Co., Ltd.	8,000.00	Dalian	Dalian	Manufacturing	55	-	Acquisition
Dalian Bingshan Engineering & Trading Co., Ltd	3,000.00	Dalian	Dalian	Service	100	-	Acquisition
Dalian Bingshan Engineering & Trading (Hong Kong) Co., Ltd.	320.00	Hong Kong	Hong Kong	Service	100		Acquisition
Sonyo Compressor (Dalian)Co., Ltd.	44,239.67	Dalian	Dalian	Manufacturing	100	-	Acquisition
Sonyo Refrigeration System (Dalian) Co., Ltd.	10,500.00	Dalian	Dalian	Manufacturing	100	-	Acquisition
Sonyo Refrigeration (Dalian) Co., Ltd.	21,208.47	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

None.

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 Bingshan Metal Technology Co., Ltd.	Dalian	Dalian	Manufacturing	49.00	-	Equity method

1) The Company has the same percentage of shareholding and voting right in joint-venture or affiliated company.

(2) The Company doesn't have joint venture or affiliated companies which have no significant influence although being held 20% or more voting rights. The key financial information of affiliated companies

Items	Closing balance/Current period	Opening balance/Last period
	Dalian Bingshan Metal Technology Co., Ltd.	
Current assets	278,789,258.68	348,867,456.94
Including: Cash and cash equivalents		
Non-current assets	40,260,431.18	38,884,813.91
Total assets	319,049,689.86	387,752,270.85
Current liabilities	53,180,522.14	43,335,222.77
Non-current liabilities		
Total liabilities	53,180,522.14	43,335,222.77
Total net asset		
Minority interests		
Equity to the parent company	265,869,167.72	344,417,048.08
Share of net assets according to the shareholding proportions	130,275,892.18	172,208,524.04
Adjusting events		
—Goodwill	19,269,770.94	19,269,770.94
—Unrealized profits of insider trading		

Items	Closing balance/Current period	Opening balance/Last period
	Dalian Bingshan Metal Technology Co., Ltd.	
--Others		
Book value of equity investment of affiliated companies	149, 477, 458. 42	187, 960, 208. 13
Fair value of equity investment with public offer		
Operating income	223, 050, 763. 81	218, 341, 334. 10
Financial expense		
Income tax expense		
Net profit	27, 838, 652. 85	30, 169, 947. 69
Net profit of discontinuing operation		
Other comprehensive income		
Total comprehensive income	27, 838, 652. 85	30, 169, 947. 69
The current dividends received from joint ventures		

(3) Summary financial information of insignificant affiliated companies

Items	2025.01-06	2024.01-06
Affiliated company	—	—
Total book value of investment of affiliated companies	353, 262, 648. 48	346, 068, 692. 14
The total of following items according to the shareholding proportions	—	—
Net profit	32, 372, 063. 31	12, 308, 014. 93
Other comprehensive income	32, 372, 063. 31	12, 308, 014. 93
Total comprehensive income		

(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.

XI. Government Grant

Liability item involved in government grant

Items	Opening Balance	Increase	Into non-operating income	Into other income	The value offset cost and expense	Closing Balance	Related to asset/income
Deferred income	77,249,659.43	12,099,165		4,068,711.54		85,280,112.89	asset
Deferred income	13,483,820.86	130,100		964,003.68		12,649,917.18	asset/income
	90,733,480.29	12,229,265.00		5,032,715.22		97,930,030.07	—

1. Recognized in income statement

Items	2025.01-06	2024.01-06
Other income	1,812,199.32	7,934,984.31

XII. Risk Related to Financial Instruments

The main financial instruments held by the group are borrowings, accounts receivable, accounts payable, other non-current financial asset etc. The detailed explanation is referred to the note No.V. The related risks of these financial instruments and the risk management policy conducted to reduce these risks by the group are introduced as below. The group 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 June 30, 2025, the Company's assets and liabilities dominated in foreign currency are listed

in RMB as following:

Items	June 30, 2025	January 1, 2025
Monetary fund-USD	14, 892, 942. 79	11, 895, 447. 99
Monetary fund-JPY	11, 899, 340. 70	18, 978, 914. 14
Monetary fund- EURO	2, 098, 166. 83	128, 522. 55
Monetary fund- HKD	–	84, 495. 39
Receivable -USD	54, 921, 372. 72	52, 044, 382. 54
Receivable -GBP		1, 282, 811. 66
Receivable -JPY	2, 664, 884. 89	7, 974, 729. 62
Receivable - EURO	7, 072, 827. 75	4, 894, 436. 83
Payables -USD	7, 843, 330. 61	2, 476, 583. 44
Payables -JPY	4, 136, 939. 77	3, 285, 251. 61
Other payables - JPY	411, 853. 87	1, 582, 192. 94

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

2) Interest rate risk

The interest risk of the group incurred from bank loan, risk of a floating interest rate of financial liabilities that lead to the group facing cash flow interest rate risk, financial liabilities with a fixed interest rate lead to the group 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 group's interest-bearing debt is borrowings of RMB 603,850,000.00 at fixed interest rate as of June 30,2025(borrowings of RMB 686,000,000.00 in December 312024).

The financial department of the group 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.

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 group 's operations.

(1) Credit risk

The credit risk of the group 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 group '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 group made relevant policy to control credit risk exposure from receivable, other receivable and notes receivable. The group 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 group 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 June 30, 2025, the top five customers of receivable accounts balance are 283,571,237.76Yuan, representing 9.70% of sum of receivable and contract assets.

(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 group. The group periodically analyze the liability structure and expiry date and the financial department of the group 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 June30, 2025, the credit limit still available is 843.84 million Yuan(711.87 million Yuan 2024) and short-term credit limit available is 843.84 million Yuan(711.87 million Yuan 2024).

As at June 30, 2025, the group's financial assets and financial liabilities in line with non-discounted cash flow of the contracts as following:

Currency unity:10kYuan

Items	Within 1 year	1-2 years	2-5 years	Over 5 years	Total
Financial Assets					
Cash and cash in bank	86,042.84				86,042.84
Notes receivable	33,179.92				33,179.92
Accounts receivable	174,593.64				174,593.64
Financing receivable	26,791.96				26,791.96
Other Receivable	5,337.56				5,337.56

Contract asset	18,805.35				18,805.35
Other current asset	2,054.52				2,054.52
Other non-current financial asset				168.39	168.39
Long-term receivable		5.93	7.59	0.48	14.00
Financial Liabilities					
Short-term loan	15,003.87				15,003.87
Notes Payable	50,607.48				50,607.48
Accounts payable	174,824.99				174,824.99
Other payable	21,988.40				21,988.40
Employee's payable	6,369.62				6,369.62
Tax payable	2,380.86				2,380.86
Non-current liability due within 1 year	20,638.12				20,638.12
Long-term loan		16,950.00	24,770.00	575.00	42,295.00
Lease obligation			141.71	1,212.37	1,354.08
Long-term payable		544.37	690.27	981.96	2,216.60

2. Financial asset transfer

(1) Classified by transfer method

Transfer method	Nature	Amount	Derecognition	Basis for derecognition
Endorsement of a bill	Bank acceptance bill with high credit rating	220,482,795.79	Y	All risk and reward have been transferred
Discounting a bill	Bank acceptance bill with high credit rating	24,923,475.96	Y	All risk and reward have been transferred
Endorsement/discounting of a bill	Bank/trade acceptance bill with non-high credit rating	169,727,187.43	N	Retain mostly risk and reward including default risk
Factoring	Receivable		Y	All risk and reward have been transferred
Total	—	415,133,459.18	—	—

(2) Derecognized financial asset due to transfer

Item	Transfer method	Derecognized Amount	Gain/loss from derecognition
Bank acceptance bill with high credit rating	Endorsement of a bill	220,482,795.79	
Bank acceptance bill with high credit rating	Discounting a bill	24,923,475.96	-73,314.55
Receivable	Factoring without recourse		-
Total	—	245,406,271.75	-73,314.55

XIII. 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 (10K)	Shareholding percentage (%)	Voting power percentage (%)
Dalian Bingshan Group Co., Ltd.	Dalian	Manufacture	15,858.00	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)

The Company's ultimate controller is Dalian Bingshan Group Co., Ltd.

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
Wuhan Sikafu Power Control Equipment Co., Ltd.	Affiliated company of its subsidiary
Dalian Bingshan Group Huayida Commercial Factoring Co., LTD	Subsidiary of its affiliated company
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
Keinin-Grand Ocean New energy Auto Parts (Changchun) Co., LTD	Subsidiary of its affiliated company

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

Name of related party	Related party relationship
Panasonic Corporation of China Co., Ltd	Directors of the Company also serve as directors
Dalian Spindle Environmental Facilities Co., Ltd.	Both parties are under the control of or significant influence by the same party
LINDE HYDROGEN FUELTECH (DALIAN) CO., LTD.	Both parties are under the control of or significant influence by the same party
Dalian Fuji Bingshan Control System Co., Ltd.	Both parties are under the control of or significant influence by the same party
BAC Dalian Co., Ltd.	Both parties are under the control of or significant influence by the same party
Dalian Bingshan Wisdom Park Co., Ltd	Both parties are under the control of or significant influence by the same party
Dalian Shentong Electric Co., Ltd.	Both parties are under the control of or significant influence by the same party
Dalian Bingshan Part Technology Co., LTD.	Under control of the same ultimate controlling party
Alphavita Bio-scientific (Dalian) Co., Ltd.	Under control of the same ultimate controlling party
Bingshan Technology Service (Dalian) Co., Ltd.	Under control of the same ultimate controlling party
Sonyo Cold Chain (Dalian) Co., Ltd.	Under control of the same ultimate controlling party
Sonyo Cold Chain (Dalian) Equipment (Wuhan) Co., LTD	Under control of the same ultimate controlling party
Dalian Kangyang Industry Group Co., LTD	The directors and senior officers of the Company shall serve as the directors and senior officers of the Company
Dalian State-owned Assets Investment and Management Group Co.,Ltd.	An associated natural person serves as a director of the Company

Note: Companies under direct/indirect Control of Panasonic Co., Ltd are:

Panasonic Electric Taiwan Co.,Ltd. , Wanbao(Guangzhou) Compressor Co.,Ltd. , Panasonic Electronic Devices(Jiangmen)Co.,Ltd. , Panasonic R&D Center Suzhou Co.,Ltd Dalian Branch , Panasonic Corporation, Panasonic Industry (China) Co., Ltd. , Shanghai Branch, Appliances Microwave Oven(Shanghai) Co.,Ltd. , Panasonic Motor(Hangzhou)Co.,Ltd. , Panasonic Electric Equipment (China) Co.,Ltd. , Panasonic Appliances Air-Conditioning and Refrigeration Corporation, Panasonic Home Appliances (China) Co.,Ltd. , Panasonic Procurement(CHINA)Co.,Ltd. , Panasonic Industry (China) Co., Ltd. , Panasonic Home Appliances(Hangzhou)Co.,Ltd. , Singapore Panasonic Cold Chain Asia, Panasonic Sales Taiwan Co Ltd..

Panasonic Appliances Air-Conditioning Malaysia Sdn.Bhd.、Panasonic Cold Chain Poland Sp. Z O.O.、Panasonic Connect Co.,Ltd.Media Entertainment Business Division、Panasonic Corporation、Panasonic Corporation Appliances Company Heating & Cooling Solutions Bd Commercial Air-Conditionin、Panasonic Corporation Appliances Company、Panasonic Corporation Heating & Ventilation A/C Company Heating And Cooling Devices Business Division、Panasonic Corporation Heating & Ventilation Ac Company Commercial Equipment Solutions Business Division、Panasonic Do Brasil Limitada Miami Branch、Panasonic Heating And Ventilation Air-Conditioning Czech,S.R.O.、Panasonic Hong Kong Co.,Ltd.、Panasonic

India Pvt Ltd (Apin)、Panasonic Industrial Devices Sales Company Of America、Panasonic Industrial Devices Sales Taiwan Co.,Ltd.、Panasonic Industrial Devices Sales(M)Sdn Bhd、Panasonic Industry Europe Gmbh、Panasonic Industry Sales Asia Pacific、Panasonic Life Solutions India Private Limited、Panasonic Operational Excellence Co.,Ltd.、Panasonic Operational Excellence Co.,Ltd. (Pex)、Panasonic Taiwan Co.,Ltd.、Panasonic A.P.Sales (Thailand)Co.Ltd、Panasonic Corporation、Panasonic Corporation Appliances Company.

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	2025.01-06	2024.01-06
Dalian Bingshan Metal Technology Co., Ltd.	Purchases of goods	27,077,598.55	30,782,824.32
Sonyo Cold Chain (Dalian)Co. Ltd	Purchases of goods	41,445,471.06	27,635,764.08
Jiangsu Jingxue Insulation Technology Co., Ltd.	Purchases of goods	7,600,991.19	7,744,955.77
BAC Dalian Co., Ltd.	Purchases of goods	12,891,976.50	4,721,558.13
Company under direct/indirect Control of Panasonic Co., Ltd	Purchases of goods	21,681,272.45	6,077,302.57
Dalian Bingshan Part Technology Co., LTD.	Purchases of goods	7,335,508.36	18,864,725.92
Dalian Honjo Chemical Co., Ltd	Purchases of goods	1,392,076.63	3,902,513.39
Bingshan Technology Service (Dalian) Co., Ltd.	Purchases of goods	9,238,810.28	1,729,423.88
Dalian Fuji Bingshan Control System Co., Ltd.	Purchases of goods	1,999,595.78	111,504.43
Alphavita Bio-scientific (Dalian) Co., Ltd.	Purchases of goods	93,428.30	
Dalian Shentong Electric Co., Ltd.		4,010,542.09	3,788,058.16
Dalian Fuji Bingshan Vending Machine Co., Ltd	Purchases of goods	18,241.71	1,158.38
Dalian Spindle Environmental Facilities Co., Ltd	Purchases of goods	4,180,530.98	349,724.76
Dalian Bingshan Wisdom Park Co., Ltd	Purchases of goods	1,135,740.74	
Dalian Bingshan Group Co., Ltd.	Receive labor services		1,886.80
Shanghai Jingxue Freezing Equipment Co., Ltd	Purchases of goods		53,008.85
Dalian Bingshan Group Huahuida Financial Leasing Co., Ltd	Purchases of goods	7,208.11	1,715.65
Dalian Fuji Bingshan Vending Machine Sales Co., Ltd	Purchases of goods	19,469.03	

(2) Sales of goods/ labour services provision

Related party	Content	2025.01-06	2024.01-06
Company under direct/indirect Control of Panasonic Co., Ltd	Sales of goods	163,578,247.40	144,059,445.50
Sonyo Cold Chain (Dalian) Co., Ltd	Sales of goods	68,651,671.06	53,547,002.76
BAC Dalian Co., Ltd	Sales of goods	61,674,033.25	44,032,558.17
Bingshan Technology Service (Dalian) Co., Ltd.	Sales of goods	8,398,179.02	26,992,915.42
Dalian Fuji Bingshan Vending Machine Co., Ltd	Sales of goods	3,221,321.30	4,884,735.34
Dalian Bingshan Wisdom Park Co., Ltd	Sales of goods	383,661.03	4,715,774.63
MHI Bingshan Refrigeration (Dalian) Co., Ltd.	Sales of goods	4,776,622.01	3,738,455.62
Alphavita Bio-scientific (Dalian) Co., Ltd.	Sales of goods	1,615,598.37	1,680,522.42
Dalian Spindle Environmental Facilities Co., Ltd	Sales of goods	436,300.59	660,413.34

Related party	Content	2025.01-06	2024.01-06
Dalian Honjo Chemical Co., Ltd	Sales of goods	2, 173, 330. 51	34, 400. 88
Dalian Bingshan Part Technology Co., LTD	Sales of goods	1, 413, 576. 39	1, 479, 174. 40
Linde Hydrogen Fueltech (Dalian) Co., Ltd	Sales of goods	0. 00	66, 878. 51
Dalian Fuji Bingshan Control System Co., Ltd.	Sales of goods	1, 929, 667. 17	251, 472. 27
Dalian Bingshan Metal Technology Co., Ltd.	Sales of goods	0. 00	163, 716. 81
Dalian Shentong Electric Co., Ltd	Sales of goods	249, 203. 55	112, 355. 73
Dalian Jingxue Freezing Equipment Co., Ltd	Sales of goods	0. 00	41, 477. 53
Dalian Bingshan Group Huahuida Financial Leasing Co., Ltd	Sales of goods	2, 991, 150. 45	
Wuhan Sikafu Power Control Equipment Co., Ltd.	Sales of goods	70, 027. 60	
Sonyo Cold Chain (Dalian) Equipment (Wuhan) Co., LTD	Sales of goods	1, 517, 802. 35	
Linde Engineering (Dalian) Co., LTD	Sales of goods	8, 321. 10	
Dalian Fuji Bingshan Control System Co., Ltd.	Sales of goods	249, 213. 96	
Dalian Bingshan Group Co., Ltd.	Sales of goods	4, 391. 14	

(3) Assets Lease

Assets rent out

Lessee	Category of assets rent out	Current period Lease Income	Last period Lease Income
Dalian Bingshan Wisdom Park Co., Ltd	Land/property	4, 506, 673. 78	4, 506, 673. 78
MHI Bingshan Refrigeration (Dalian) Co., Ltd.	Plant	1, 904, 761. 90	1, 904, 761. 90
Sonyo Cold Chain (Dalian)Co. Ltd	Plant /Employee dormitory	1, 281, 079. 83	1, 281, 178. 90
Company under direct/indirect Control of Panasonic Co., Ltd	Office/ Plant /Employee dormitory	381, 668. 58	
Dalian Jingxue Freezing Equipment Co., Ltd	Plant and office	381, 454. 77	392, 463. 94
Wuhan Sikafu Power Control Equipment Co., Ltd	Plant	496, 132. 49	496, 132. 49
Bingshan Technology Service (Dalian) Co., Ltd.	Plant and office	147, 436. 30	163, 259. 51
Dalian Bingshan Part Technology Co., Ltd.	Plant and office	385, 321. 13	461, 009. 22
Dalian Spindle Environmental Facilities Co., Ltd.	office	880. 72	5, 284. 40

Assets under lease

Lessor	Category of assets rent in	Lease premium paid	
		2025.01-06	2024.01-06
Dalian Bingshan Group Huahuida Financial Leasing Co., Ltd	Fixed asset	2, 742, 500. 00	1, 459, 606. 47
Sonyo Cold Chain (Dalian)Co. Ltd	Plant	1, 700, 966. 97	1, 700, 966. 97

(Continued)

Lessor	Interests on lease liabilities		Increased right-of-use assets	
	2025.01-06	2024.01-06	2025.01-06	2024.01-06
Dalian Bingshan Group Huahuida Financial Leasing Co., Ltd	765, 653. 09	456, 010. 73	13, 053, 097. 33	0. 00
Sonyo Cold Chain (Dalian)Co. Ltd	157, 060. 35	198, 459. 63		

Lease under short term

Lessee	Category of assets rent out	Current year Lease Income	Last year Lease Income
Dalian State-owned Assets Investment and Management Group Co.,Ltd.	Land	2, 892, 533. 59	436, 870. 37

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. 33 long term borrowings".

Funds borrow from /lent to related party

Name of the related party	Amount	Starting date	Ending date	Explanation
Funds in				
Dalian Bingshan Group Co., Ltd.	40,000,000.00	2016.03.14	2026.03.13	Project fund investment
Dalian Bingshan Group Huahuida Financial Leasing Co.,Ltd	13,805,309.73	2021.11.10	2026.11.09	Sale and leaseback
Dalian Bingshan Group Huahuida Financial Leasing Co.,Ltd	13,053,097.35	2025.01.21	2030.01.20	Sale and leaseback
Dalian Bingshan Group Huahuida Financial Leasing Co.,Ltd	2,000,000.00	2024.01.24	2026.01.23	Sale and leaseback
Dalian Bingshan Group Huahuida Financial Leasing Co.,Ltd	8,600,000.00	2024.07.26	2026.07.25	Sale and leaseback
Dalian Bingshan Group Huahuida Financial Leasing Co.,Ltd	1,000,000.00	2025.03.14	2028.03.13	

Dalian Bingshan Group Huahuida Financial Leasing Co., Ltd	1,000,000.00	2025.04.29	2028.04.28	
Dalian Bingshan Group Huayida Commercial Factoring Co., Ltd	8,000,000.00	2024.01.19	2026.01.18	Factoring
Dalian Bingshan Group Huayida Commercial Factoring Co., Ltd	1,000,000.00	2024.06.19	2026.06.18	Factoring
Dalian Bingshan Group Huayida Commercial Factoring Co., Ltd	6,400,000.00	2024.07.31	2028.07.30	Factoring
Dalian Bingshan Group Huayida Commercial Factoring Co., Ltd	1,000,000.00	2024.07.26	2026.07.25	Factoring
Dalian Bingshan Group Huayida Commercial Factoring Co., Ltd	1,200,000.00	2024.08.26	2026.08.25	Factoring
Dalian Bingshan Group Huayida Commercial Factoring Co., Ltd	3,000,000.00	2024.09.14	2025.09.13	Factoring
Dalian Bingshan Group Huayida Commercial Factoring Co., Ltd	2,564,370.38	2024.10.23	2025.10.22	Factoring
Dalian Bingshan Group Huayida Commercial Factoring Co., Ltd	1,800,000.00	2024.10.31	2026.10.30	Factoring
Dalian Bingshan Group Huayida Commercial Factoring Co., Ltd	3,000,000.00	2024.11.15	2025.11.14	Factoring
Dalian Bingshan Group Huayida Commercial Factoring Co., Ltd	6,000,000.00	2024.12.15	2025.11.15	Factoring
Dalian Bingshan Group Huayida Commercial Factoring Co., Ltd	4,000,000.00	2024.12.27	2025.12.26	Factoring
Dalian Bingshan Group Huayida Commercial Factoring Co., Ltd	6,000,000.00	2025.01.15	2027.01.14	Factoring
Dalian Bingshan Group Huayida Commercial Factoring Co., Ltd	545,993.00	2025.01.17	2025.07.16	Factoring
Dalian Bingshan Group Huayida Commercial Factoring Co., Ltd	5,000,000.00	2025.04.28	2026.04.27	Factoring
Dalian Bingshan Group Huayida Commercial Factoring Co., Ltd	2,000,000.00	2025.05.21	2027.05.20	Factoring
Dalian Bingshan Group Huayida Commercial Factoring Co., Ltd	975,000.00	2025.06.23	2028.06.22	Factoring

iii. Balances with Related party

1.Accounts receivable due from related parties

Item	Related party	Closing Balance	
		Book Balance	Bad debt Provision
Accounts receivable	Sonyo Cold Chain (Dalian)Co.Ltd	88,752,251.47	5,484,062.83
Accounts receivable	BAC Dalian Co., Ltd	30,639,734.60	2,150,909.37
Accounts receivable	Company under direct/indirect Control of Panasonic Co.,Ltd	38,657,659.77	1,332,758.70
Accounts receivable	Sonyo Cold Chain Equipment (Wuhan) Co., Ltd.	466,857.19	33,705.87
Accounts receivable	Bingshan Technology Service (Dalian) Co., Ltd.	8,774,052.30	595,543.60
Accounts receivable	Dalian Bingshan Wisdom Park Co., Ltd	11,690,064.58	1,702,196.90
Accounts receivable	Dalian Fuji Bingshan Vending Machine Co., Ltd	5,234,987.52	367,496.13
Accounts receivable	Dalian Bingshan Group Huahuida Financial Leasing Co.,Ltd	2,798,562.50	2,798,562.50
Accounts receivable	MHI Bingshan Refrigeration (Dalian) Co.,Ltd.	4,517,523.65	317,130.17
Accounts receivable	Alphavita Bio-scientific (Dalian) Co., Ltd.	2,694,012.55	255,093.42
Accounts receivable	Dalian Health and Wellness Industry Group Co., Ltd	1,693,997.95	118,988.86
Accounts receivable	Linde Hydrogen Fueltech (Dalian) Co., Ltd	121,000.44	20,255.47
Accounts receivable	Dalian Spindle Environmental Facilities Co., Ltd	378,319.85	26,558.05
Accounts receivable	Dalian Fuji Bingshan Control System Co., Ltd.	1,130,877.60	79,387.61
Accounts receivable	Dalian Shentong Electric Co., Ltd	120,906.40	8,487.63
Accounts receivable	Jiangsu Jingxue Insulation Technology Co.,Ltd.		
Accounts receivable	Dalian Bingshan Part Technology Co.,LTD	925,983.49	25,300.74
Accounts receivable	Linde Engineering (Dalian) Co., LTD	31,547.17	2,214.61
Other receivable	Bingshan Technology Service (Dalian) Co., Ltd.	400,000.00	14,640.00
Other receivable	Sonyo Cold Chain (Dalian)Co.Ltd		
Other receivable	Sonyo Cold Chain Equipment (Wuhan) Co., Ltd.	567,064.72	20,754.57
Other receivable	Dalian Bingshan Group Huahuida Financial Leasing Co., Ltd	2,142.00	78.40
Contract asset	Dalian Bingshan Group Huahuida Financial Leasing Co., Ltd	432,562.50	30,365.89
Contract asset	Dalian Bingshan Metal Technology Co.,Ltd		

Contract asset	Dalian Health and Wellness Industry Group Co., Ltd		
Prepayment	Dalian Shentong Electric Co., Ltd	9,721,332.36	
Prepayment	Dalian Fuji Bingshan Control System Co., Ltd.	1,281,087.57	
Prepayment	Company under direct/indirect Control of Panasonic Co.,Ltd	1,229,443.92	
Prepayment	Bingshan Technology Service (Dalian) Co., Ltd.	1,774,013.54	
Prepayment	BAC Dalian Co., Ltd		
Prepayment	Dalian Bingshan Wisdom Park Co., Ltd		
Prepayment	Dalian Fuji Bingshan Vending Machine Sales Co., Ltd	34,115.00	
Prepayment	Dalian Bingshan Group Huahuida Financial Leasing Co., Ltd	1,450.34	

(Continued)

Item	Related party	Opening Balance	
		Book Balance	Bad debt Provision
Accounts receivable	Sonyo Cold Chain (Dalian)Co.Ltd	70,233,768.67	5,769,841.07
Accounts receivable	BAC Dalian Co., Ltd	29,726,955.86	2,086,832.30
Accounts receivable	Company under direct/indirect Control of Panasonic Co.,Ltd	23,124,134.38	692,390.83
Accounts receivable	Sonyo Cold Chain Equipment (Wuhan) Co., Ltd.	9,290,724.88	653,141.38
Accounts receivable	Bingshan Technology Service (Dalian) Co., Ltd.	8,120,883.28	570,086.01
Accounts receivable	Dalian Bingshan Wisdom Park Co., Ltd	7,476,477.33	1,390,028.46
Accounts receivable	Dalian Fuji Bingshan Vending Machine Co., Ltd	5,051,832.96	354,638.67
Accounts receivable	Dalian Bingshan Group Huahuida Financial Leasing Co.,Ltd	4,224,312.50	296,546.74
Accounts receivable	MHI Bingshan Refrigeration (Dalian) Co.,Ltd.	3,105,512.32	218,006.97
Accounts receivable	Alphavita Bio-scientific (Dalian) Co., Ltd.	2,265,320.79	246,626.01
Accounts receivable	Dalian Health and Wellness Industry Group Co., Ltd	1,693,997.95	118,918.66
Accounts receivable	Linde Hydrogen Fueltech (Dalian) Co., Ltd	786,500.99	223,828.69
Accounts receivable	Dalian Spindle Environmental Facilities Co., Ltd	765,477.31	53,736.51
Accounts receivable	Dalian Fuji Bingshan Control System Co., Ltd.	54,200.00	7,850.40
Accounts receivable	Dalian Shentong Electric Co., Ltd	50,652.00	3,555.77

Accounts receivable	Jiangsu Jingxue Insulation Technology Co.,Ltd.	3,570.00	1,051.32
Other receivable	Bingshan Technology Service (Dalian) Co., Ltd.	400,000.00	14,640.00
Other receivable	Sonyo Cold Chain (Dalian)Co.Ltd	260,719.09	18,302.48
Contract asset	Dalian Bingshan Group Huahuida Financial Leasing Co.,Ltd	432,562.50	30,365.89
Contract asset	Dalian Bingshan Metal Technology Co., Ltd.	9,250.00	649.35
Contract asset	Dalian Health and Wellness Industry Group Co., Ltd	1,000.00	70.20
Prepayment	Dalian Shentong Electric Co., Ltd	11,949,284.99	
Prepayment	Dalian Fuji Bingshan Control System Co., Ltd.	2,127,955.54	
Prepayment	Company under direct/indirect Control of Panasonic Co.,Ltd	1,632,646.65	
Prepayment	Bingshan Technology Service (Dalian) Co., Ltd.	1,327,651.07	
Prepayment	BAC Dalian Co., Ltd	216,202.86	
Prepayment	Dalian Bingshan Wisdom Park Co., Ltd	23,888.59	

2.Accounts Payable due from Related Party

Item	Related party	Closing Balance	Opening Balance
Accounts Payable	Jiangsu Jingxue Insulation Technology Co.,Ltd	38,851,419.61	51,228,592.31
Accounts Payable	Sonyo Cold Chain (Dalian)Co.,Ltd	25,890,483.33	18,271,180.03
Accounts Payable	BAC Dalian Co., Ltd	12,246,179.01	14,755,585.47
Accounts Payable	Dalian Bingshan Metal Technology Co.,Ltd	12,206,584.99	11,802,602.36
Accounts Payable	Dalian Honjo Chemical Co., Ltd.	3,094,878.46	7,135,583.64
Accounts Payable	Dalian Bingshan Part Technology Co.,LTD	2,587,809.38	4,717,413.12
Accounts Payable	Jiangsu Jingxue Insulation Environmental Engineering Co.,Ltd	2,026,200.00	2,026,200.00
Accounts Payable	Dalian Shentong Electric Co., Ltd		1,758,722.25
Accounts Payable	Company under direct/indirect Control of Panasonic Co.,Ltd	286,380.78	1,167,608.32
Accounts Payable	Bingshan Technology Service (Dalian) Co., Ltd.	341,977.98	742,017.35
Accounts Payable	Dalian Spindle Environmental Facilities Co., Ltd	546,194.57	498,527.44
Accounts Payable	Dalian Fuji Bingshan Control System Co., Ltd.	322,272.97	322,272.97
Accounts Payable	Jiangsu Jingxue Insulation Environmental Engineering Co.,Ltd		207,616.60
Accounts Payable	Dalian Fuji Bingshan Vending Machine Co., Ltd	6,873.43	5,907.73

Other payable	Dalian Bingshan Group Huayida Commercial Factoring Co., Ltd.	7,273,108.45	7,986,275.11
Other payable	Dalian Bingshan Group Huahuida Financial Leasing Co., Ltd.		5,500,000.00
Other payable	Company under direct/indirect Control of Panasonic Co.,Ltd	3,030,112.18	3,416,919.14
Other payable	Dalian State-owned Assets Investment and Management Group Co.,Ltd.	3,411,248.06	434,356.75
Other payable	Dalian Jingxue Freezing Equipment Co., Ltd.	70,000.00	70,000.00
Other payable	Sanyo Corporation		63,232.42
Other payable	Bingshan Technology Service (Dalian) Co., Ltd.		14,946.50
Other payable	Sonyo Cold Chain (Dalian)Co.,Ltd	618,018.00	
Other payable	Dalian Bingshan Wisdom Park Co., Ltd	5,204.00	
Other payable	Wuhan Sikafu Power Control Equipment Co., Ltd	65,495.00	
Non-current liability due within 1 year	Dalian Bingshan Group Huayida Commercial Factoring Co., Ltd.		9,107,732.23
Non-current liability due within 1 year	Dalian Bingshan Group Huahuida Financial Leasing Co., Ltd	8,298,427.74	5,898,294.48
Long-term payable	Dalian Bingshan Group Huahuida Financial Leasing Co., Ltd	3,254,466.16	2,649,273.56
Long-term payable	Dalian Bingshan Group Huayida Commercial Factoring Co., Ltd.	14,161,739.46	1,557,654.53
Short-term borrowing	Dalian Bingshan Group Huayida Commercial Factoring Co., Ltd.	4,742,850.55	3,790,267.28
Contract liability	Company under direct/indirect Control of Panasonic Co.,Ltd		132,587.77
Contract liability	Dalian Fuji Bingshan Control System Co., Ltd.	525,146.29	38,509.12
Contract liability	Sonyo Cold Chain (Dalian)Co.Ltd	17,242.45	15,258.81
Contract liability	Dalian Honjo Chemical Co., Ltd.		10,626.23
Contract liability	Bingshan Technology Service (Dalian) Co., Ltd.	2,096,674.27	
Other current liability	Company under direct/indirect Control of Panasonic Co.,Ltd		12,003.20
Other current liability	Dalian Fuji Bingshan Control System Co., Ltd.		5,006.18
Other current liability	Sonyo Cold Chain (Dalian)Co.Ltd		1,983.64
Other current liability	Dalian Honjo Chemical Co., Ltd.		1,381.41

iv. Related Party Commitment

None

v. Others

None

XIV. Share-Based Payment

None

XV. Contingency & commitment

1. Commitment

None

2. Contingency

Up to June 30, 2025, guarantee obligations undertaken by the Company due to financial leasing.

The Company sold water chiller and heat pump to Shangdong 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 both a buyer and 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 June 30, 2025, the balance of the guarantee obligation of the financial lease is RMB1.2072 million Yuan.

The Company sold refrigeration equipment, air conditioning and production line equipment to Shanxi Yiming Food Co., Ltd (‘Shanxi Yiming’) in the form of financial lease. The Company as a seller signed finance lease contract with Huahuida as both a buyer and a lessor and Shanxi Yiming as a lessee. The contract price is 28.2311million 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. Shareholders Shanxi Yiming and nature person 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 June 30, 2025, the balance of the guarantee obligation of the financial lease is RMB 5.4212million Yuan.

Dalian Bingshan-RYOSETSU Quick Freezing Equipment Co.,Ltd (‘Bingshan-RYOSETSU’), the subsidiary of the Company sold refrigeration equipment to Jilin Fuyu Agricultural Technology Co., Ltd (‘Jinlin Fuyu’) in the form of financial lease. Bingshan-

RYOSETSU as a seller signed finance lease contract with Huahuida as both a buyer and a lessor and Jinlin Fuyu as a lessee. The contract price is 20.50million Yuan. In case the lease premium is delayed by the lessee, Bingshan- RYOSETSU needs to pay lease premium on behalf of the lessee and be obliged to the buy back responsibility. Shareholders Jinlin Fuyu and nature person issued an unconditional, irrevocable and joint liability counter guarantee, and Bingshan- RYOSETSU is the beneficiary. Guarantee scope covers the full liability because of the sales in the form of financial lease. As at June 30, 2025, the balance of the guarantee obligation of the financial lease is RMB 9.1385million Yuan.

Until June, 30, 2025, the balance of all guarantee obligation of the financial lease is RMB 15.7667 million Yuan. There is no situation where the Company needs to undertake the liability as the lessees' default.

There are no other significant or contingent matters to be disclosed until June, 2024.

XVI. Events after the Balance Sheet Date

The Company has no significant subsequent event after the balance sheet date.

XVII. Other Significant Events

1. Error correction and effect in previous period

No.

2. Debt Restructuring

No.

3. Asset exchange

(1) The exchange of non-monetary assets

No.

(2) The exchange of other assets

No.

4. Annuity Plan

No.

5. Operation termination

No.

6. Segment Information

The management of the group divided the business into 2 segments based on the geographic area:

Northeast China and Central China. The Northeast is the Company's general headquarters and the subsidiaries registered in Dalian. The Central includes Chengdu Bingshan Refrigeration Engineering Co., Ltd, Wuhan New World Refrigeration Industrial Co., Ltd and its subsidiary, Wuhan Lanning Energy Technology Co., Ltd. and Wuhan New World 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 group 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 : Yuan

Items	Northeast China	Central China	Offset	Total
1 Operating income	2,512,376,582.95	148,234,080.98	-259,377,934.58	2,401,232,729.35
2 Cost	2,135,750,199.83	126,613,681.25	-253,136,425.11	2,009,227,455.97
Impairment loss on assets	-3,209,460.34	-1,009,515.19	510,397.11	-3,708,578.42
Impairment loss on credit	-12,676,772.11	1,740,489.39	1,068,328.92	-9,867,953.80
Depreciation and amortization	74,608,887.96	4,766,737.34		79,375,625.30
Investment income from associates and joint venture	25,592,590.79	1,801,438.30	-2,859,692.26	24,534,336.83
Operating profits(loss)	88,977,732.73	6,283,860.80	-1,280,966.23	93,980,627.30
Income tax	10,165,093.88	1,041,298.24	236,808.90	11,443,201.02
Net profit(loss)	78,812,638.85	5,242,562.56	-1,517,775.13	82,537,426.28
Total assets	9,883,261,586.47	475,628,129.56	-2,905,357,305.02	7,453,532,411.01
Total liabilities	4,502,625,077.22	395,401,765.96	-675,512,593.88	4,222,514,249.30

(3) Others

None

7. Other important transactions and matters affect the investor's decision

The group hasn't had other important transactions and matters affect the investor's decision in this period.

XVIII. Notes to the Main Items of the Financial Statements of Parent Company

1. Accounts receivable

(1) Bad debt provisions under accounting aging analysis method:

Aging	Closing Balance	Opening Balance
Within 1 year	334,419,871.73	252,493,482.65
1-2 years	147,643,689.48	168,666,036.29
2-3 years	62,269,851.29	55,975,990.70
Over 3 years	147,783,330.69	148,746,595.23
3-4 years	58,587,035.45	38,330,982.87
4-5 years	31,277,402.44	55,105,024.02
Over 5 years	57,918,892.80	55,310,588.34
Total	692,116,743.19	625,882,104.87

(2) Accounts receivable category

Item	Closing Balance				
	Booking balance		Provision		Booking value
	Amount	%	Amount	%	
Bad debt provision on group	692,116,743.19	100.00	161,513,167.75	23.34	530,603,575.44
(1) Accounting age as characters	474,695,386.03	68.59	161,513,167.75	34.02	313,182,218.28
(2) Related party within consolidation scope	217,421,357.16	31.41			217,421,357.16
Total	692,116,743.19	100.00	161,513,167.75	23.34	530,603,575.44

(Continued)

Item	Opening Balance				
	Booking balance		Provision		Booking balance
	Amount	%	Amount	%	
Bad debt provision on group	625,882,104.87	100.00%	158,917,243.15	25.39	466,964,861.72
(1) Accounting age as characters	474,142,917.60	75.76%	158,917,243.15	33.52	315,225,674.45
(2) Related party within consolidation scope	151,739,187.27	24.24%			151,739,187.27
Total	625,882,104.87	100.00%	158,917,243.15	25.39	466,964,861.72

(3) Bad debt provision

Category	Opening balance	Change during the year				Closing Balance
		Accrued	Collected/ reversed	Written-off	Other	
Bad debt provision	158,917,243.15	2,595,924.60	9,595.00		9,595.00	161,513,167.75
Total	158,917,243.15	2,595,924.60	9,595.00		9,595.00	161,513,167.75

(4) Based on closing balance ranking, sum of the top five significant receivable and contract asset are 179,997,619.29 Yuan, representing 22.55% of total receivables and contract asset at the year end. 68,724,326.5 Yuan bad debt provision is provided respectively.

2. Other Receivables

Item	Closing Balance	Opening Balance
Interest receivable	-	-
Dividend receivable	3,767,645.29	100,000,000.00
Other receivable	32,020,186.15	28,957,016.22
Total	35,787,831.44	128,957,016.22

2.1 Dividend receivable

Item	Closing Balance	Opening Balance
Sonyo Compressor (Dalian) Co., Ltd.		100,000,000.00
Jiangsu Jingxue Insulation Environmental Engineering Co., Ltd	3,220,344.00	
Dalian Bingshan Group Huahuida Financial Leasing Co., Ltd	547,301.29	
Total	3,767,645.29	100,000,000.00

2.2 Other receivable

(1) The category of other receivables

Items	Closing Balance	Opening Balance
Receivables and payables	23,517,835.18	20,032,160.00
Petty cash	1,476,505.48	904,835.68
Deposits	7,482,237.78	7,181,055.11
Others	128,825.00	1,306,589.74
Total	32,605,403.44	29,424,640.53

(2) Other receivable listed by account aging

Aging	Closing Balance	Opening Balance
Within 1 year	5,809,913.98	4,758,618.79
1-2 years	2,316,302.83	1,177,004.63
2-3 years	1,177,004.63	1,805,617.00
Over 3 years	23,302,182.00	21,683,400.11
3-4 years	1,705,617.00	115,000.00
4-5 years	50,000.00	20,210,000.00
Over 5 years	21,546,565.00	1,358,400.11
Total	32,605,403.44	29,424,640.53

(3) Other receivable classified by provision method

Item	Closing Balance				
	Booking balance		Provision		Booking value
	Amount	%	Amount	%	
Bad debt provision on individual	-	-	-	-	-
Bad debt provision on group	32,605,403.44	100.00	585,217.29	1.79	32,020,186.15
(1) Accounting age as characters	12,605,403.44	38.66	585,217.29	4.64	12,020,186.15
(2) Related party within consolidation scope	20,000,000.00	61.34			20,000,000.00
Total	32,605,403.44	100.00	585,217.29	1.79	32,020,186.15

(continued)

Item	Opening Balance				
	Booking balance		Provision		Booking value
	Amount	%	Amount	%	
Bad debt provision on individual	-	-	-	-	-
Bad debt provision on group	29,424,640.53	100.00	467,624.31	1.59	28,957,016.22
(3) Accounting age as characters	9,392,480.53	31.92	467,624.31	4.98	8,924,856.22
(4) Related party within consolidation scope	20,032,160.00	68.08			20,032,160.00

Total	29,424,640.53	100.00	467,624.31	1.59	28,957,016.22
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1) Bad debt provisions on group basis

Aging	Closing Balance		
	Accounts receivable	Provision for bad debts	Drawing Proportion (%)
Within 1 year	5,809,913.98	212,642.85	3.66%
1-2 years	2,316,302.83	84,776.68	3.66%
2-3 years	1,177,004.63	43,078.37	3.66%
3-4 years	1,705,617.00	62,425.58	3.66%
4-5 years	50,000.00	1,830.00	3.66%
Over 5 years	1,546,565.00	180,463.81	11.67%
Total	12,605,403.44	585,217.29	—

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	339,059.31		128,565.00	467,624.31
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	117,592.98			117,592.98
Reverse				
Cancelation				
Written off				
Other movement				
Closing balance	456,652.29		128,565.00	585,217.29

(4) Bad debt provision details

Category	Opening balance	Change during the year				Closing Balance
		Accrued	Collected/ reversed	Written-off	Others	
Bad debt provision	467,624.31	117,592.98				585,217.29
Total	467,624.31	117,592.98				585,217.29

(5) Other receivables from the top 5 debtors

Name	Category	Closing Balance	Aging	% of the total	Closing Balance of Provision
No.1	Receivables and payables	20,000,000.00	Over5 years	61.34	
No.2	Other deposit	1,100,000.00	Over5 years	3.37	40,260.00
No.3	Bid deposit	800,000.00	2-3 years	2.45	29,280.00
No.4	Bid deposit	800,000.00	3-4 years	2.45	29,280.00
No.5	Receivables and payables	551,280.00	1-2 years	1.69	20,176.85
Total	—	23,251,280.00	—	71.30	118,996.85

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	2,438,830,861.29		2,438,830,861.29	2,432,830,861.29		2,432,830,861.29
Investment of affiliates and JV	492,645,952.54		492,645,952.54	473,699,761.22		473,699,761.22
Total	2,931,476,813.83		2,931,476,813.83	2,906,530,622.51		2,906,530,622.51

(2) Investments of subsidiaries

Investee	Beginning balance	Provision for impairment at beginning of year	Increase/Decrease				Ending balance	Provision for impairment at year end
			Increased	Decreased	Provision for impairment	Others		
Dalian Bingshan Group Engineering Co., Ltd	293,749,675.77						293,749,675.77	
Dalian Bingshan Group Sales Co., Ltd	20,722,428.15						20,722,428.15	
Dalian Bingshan Air-Conditioning Equipment Co., Ltd	69,272,185.00		6,000,000.00				75,272,185.00	
Dalian Bingshan Guardian Automation Co., Ltd	50,638,361.52						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	

Investee	Beginning balance	Provision for impairment at beginning of year	Increase/Decrease				Ending balance	Provision for impairment at year end
			Increased	Decreased	Provision for impairment	Others		
Wuhan New World Refrigeration Industrial Co., Ltd	184,674,910.81						184,674,910.81	
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	
Sonyo Refrigeration (Dalian) Co., Ltd	145,285,500.00						145,285,500.00	
Total	2,432,830,861.29		6,000,000.00				2,438,830,861.29	

(3) Joint ventures& affiliated companies

Investee	Beginning balance	Provision for impairment at beginning of year	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	Others		
1. Affiliated company												
Dalian Honjo Chemical Co., Ltd	8,462,105.73				114,371.51						8,576,477.24	
Keinin-Grand Ocean Thermal Technology (Dalian) Co., Ltd	53,322,286.73				-376,025.05						52,946,261.68	
Dalian Fuji Bingshan Vending Machine Co., Ltd	67,096,098.78				5,248,104.84						72,344,203.62	
MHI Bingshan Refrigeration (Dalian) Co., Ltd.	16,746,474.97				2,199,327.03						18,945,802.00	

Investee	Beginning balance	Provision for impairment at beginning of year	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	Others		
Dalian Fuji Bingshan Vending Machine Sales Co., Ltd												
Jiangsu Jingxue Insulation Technology Co., Ltd	145,535,400.55				*. **			3,220,344.00			*. **	
Bingshan Metal Technical Service (Dalian) Co., Ltd.	135,904,723.22				13,572,735.20						149,477,458.42	
Dalian Bingshan Group Huahuida Financial Leasing Co., Ltd	46,632,671.24				*. **			547,301.29			*. **	
Total	473,699,761.22				22,713,836.61			3,767,645.29			492,645,952.54	

4. Operating revenue and cost

Item	2025.01-06		2024.01-06	
	Revenue	Cost	Revenue	Cost
Revenue from main operation	427,380,027.99	373,168,293.00	385,581,466.34	327,057,614.66
Revenue from other operation	16,090,642.16	9,515,808.95	19,129,432.27	12,159,687.41
Total	443,470,670.15	382,684,101.95	404,710,898.61	339,217,302.07

5. Investment income

Items	2025.01-06	2024.01-06
Long-term equity investment gain under cost method		6,062,894.23
Long-term equity investment gain under equity method	22,713,836.61	16,979,803.35
Gain from holding of other non-current financial assets		4,364,003.20
Discounting fees for bank acceptance note		
Gain from disposing long-term equity investment		
Gain from disposal of other non-current financial assets		
Gain on debt restructuring	-	-
Total	22,713,836.61	27,406,700.78

6. Others

None

XIX. Approval of Financial Statements

The parent and consolidated financial statements of the Company were approved by the Board of Directors of the Company on August 13, 2025.

XX. Supplementary Information to the Financial Statements

1. Return on equity and earnings per share

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	2.52%	0.09	0.09
Net profit after deducting non-recurring gains and losses attributable to shareholders of parent company	2.35%	0.09	0.09

Bingshan Refrigeration & Heat Transfer Technologies Co., Ltd

August 14, 2025