

Bingshan Refrigeration & Heat Transfer Technologies Co., Ltd

For the year ended December 31, 2025

Auditor's Report

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Auditors' Report

(English Translation for Reference Only)

To the shareholders of Bingshan Refrigeration & Heat Transfer Technologies Co., Ltd

1. Opinion

We have audited the accompanying financial statements of Bingshan Refrigeration & Heat Transfer Technologies Co., Ltd (“Bingshan Refrigeration & Heat Company”), which comprise the consolidated and company’s balance sheets as at 31 December 2025, and the consolidated and company’s income statements, the consolidated and company’s cash flow statements, the consolidated and company’s statements of changes in equity for the year then ended, and notes to these financial statements.

In our opinion, the accompanying financial statements have been prepared in accordance with the requirements of Accounting Standards for Business Enterprises, in all material respects and present fairly the consolidated and the financial position of Bingshan Refrigeration & Heat Company as at 31 December 2025, and of their consolidated and the company’s financial performance and cash flows for the year then ended.

2. Basis for Opinion

We conducted our audit in accordance with China Standards on Auditing for Chinese Certified Public Accountants. Our responsibilities under those standards are further described in the “Auditor’s Responsibilities for the Audit of the Financial Statements” section of our report. In accordance with the independence standards for Chinese Certified Public Accountants and the independence requirements applicable to audits of financial statements of public interest entities set out in the Code of Professional Ethics for Chinese Certified Public Accountants, we are independent of Bingshan Refrigeration & Heat Company and have fulfilled other responsibilities relating to independence and professional ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

3. Key Audit Matters

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

opinion on these matters.

Revenue Recognition	
Key Audit Matter	How the matter was addressed in the audit
<p>As stated in the Note ‘ No.44,V. Notes to Consolidated Financial Statements’, revenue on the consolidated statements for the year ended as of December 31, 2025, is 4,398.09 million Yuan. Revenue of Bingshan Refrigeration & Heat Company and its subsidiaries mainly come from sales of products and installation project. We consider the revenue as the key audit matter, because of the significance of revenue to the overall financial statements, and also the inherent risk of revenue manipulation by the management so for the special purpose.</p>	<p>The main audit procedures carried out for addressing the key audit matters are as follows:</p> <ol style="list-style-type: none"> 1. Understand and evaluate effectiveness of design and operation of the management’s internal control over revenue 2. Carried out analytical review and evaluate the reasonableness of sales income and gross profit margin by segmenting the business and sales in conjunction with industry development and actual situation of Bingshan Refrigeration & Heat Company. 3. Sampling test the sales contracts, identify the clause and condition in respect to the contract performance obligation, consideration and risk and reward transfer of the ownership. Evaluate the revenue recognition of Bingshan Refrigeration & Heat Company whether it is in line with the accounting standards. 4. Sampling select product sales revenue record, reconcile to sales invoice, contracts, dispatch note, acceptance note; Sampling select installation sales revenue record, reconcile to invoice, installation contracts and completion report and Evaluate the recognition of revenue whether is in line with the accounting standards 5. Checking actual installation cost by reviewing the contract budget, contract, invoice and supportive document with signature for the equipment received to evaluate the cost whether it really incurred. 6. Combined with receivable audit, perform confirmation procedures for key clients 7. Perform cut-off test so to ensure whether the transaction is recorded into the appropriate accounting period.

4. Other Information

The management of Bingshan Refrigeration & Heat Company (hereinafter referred to as the “Management”) is responsible for the other information. The other information comprises the information included in the Bingshan Refrigeration & Heat Company *2025 annual report*, but does not include the financial statements and our auditor’s report thereon.

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

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

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

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

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

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

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

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

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

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

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

Refrigeration & Heat Company to cease to continue as a going concern.

(5) Evaluate the overall presentation, structure and content of the financial statements, and also whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

(6) Obtain sufficient and appropriate audit evidence with respect to the financial information of Bingshan Refrigeration & Heat entities or business activities, and issue an audit opinion. We are responsible for guiding, supervising and performing group audits and take full responsibility for audit opinions.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings etc., including any significant deficiencies in internal control that we identify during our audit.

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

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

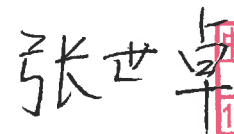
ShineWing Certified Public Accountants(LLP)

CPA: Sui Guojun

(Engagement Partner)



CPA: Zhang Shizhuo



China, Beijing

April 22, 2026

Consolidated Balance Sheet

December 31, 2025

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

Amount Unit:RMB

ITEMS	No	31 December 2025	01 January 2025
Current Assets:			
Monetary funds	V.1	880,381,966.11	1,042,143,744.67
Settlement provision			
Loans to banks and other financial institutions			
Financial asset held for trading			
Derivative financial assets			
Notes receivable	V.2	326,333,461.31	352,854,863.48
Accounts receivable	V.3	1,634,732,296.46	1,492,234,348.90
Receivable financing	V.5	335,460,836.49	382,073,283.27
Prepayments	V.7	155,955,569.06	164,042,640.06
Insurance receivables			
Reinsurance Receivable			
ProVsion of reinsurance contract reserve receivable			
Other receivables	V.6	43,032,866.40	45,759,566.06
including: interest receivable			
diVdend receivable	V.6		11,150.00
Financial assets purchased under agreement to resell			
Inventories	V.8	1,435,592,266.21	1,393,653,788.81
Contractual asset	V.4	161,816,928.39	184,760,940.32
Held for sale assets			
Non-current assets due within 1-year	V.9	359,632.86	57,550.43
Other current assets	V.10	34,899,376.92	27,636,378.46
Total Current Assets		5,008,565,200.21	5,085,217,104.46
Non-Current Assets:			
Loan and payment on other's behalf disbursed			
Debt investment			
Other debt investment			
Long-term receivables	V.11	1,215,818.17	140,017.84
Long-term equity investment	V.12	483,028,918.31	481,973,415.36
Other equity instrument investment			
Other non-current financial assets	V.13	1,683,852.59	1,683,852.59
Investments properties	V.14	121,350,188.47	117,931,720.24
Fixed assets	V.15	1,258,712,033.63	1,211,794,069.63
Construction in process	V.16	15,669,392.61	86,221,660.80
Production biological assets			
Oil-gas assets			
Right-of-use assets	V.17	17,479,863.29	23,318,732.46
Intangible assets	V.18	252,007,735.29	203,999,076.19
Development cost			
Goodwill	V.19	286,402,171.93	286,402,171.93
Long-term prepaid expense	V.20	6,036,271.48	5,719,603.26
Deferred tax asset	V.21	125,344,507.42	103,752,827.71
Other non-current assets	V.22	19,040,425.35	20,161,234.88
Total Non-current Assets		2,587,971,178.54	2,543,098,382.89
Total Assets		7,596,536,378.75	7,628,315,487.35

legal representative:

financial controller:

accounting supervisor:



Consolidated Balance Sheet (continued)

December 31, 2025

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

Amount Unit:RMB

ITEMS	No	31 December 2025	01 January 2025
Current Liabilities:			
Short-term borrowings	V.24	201,836,464.89	167,283,407.26
Loans from central bank			
Loans from other banks			
Financial liability held for trading			
Derivative financial liabilities			
Notes payable	V.25	665,364,289.18	569,117,426.19
Accounts payable	V.26	1,656,812,881.57	1,601,381,790.80
Advance received			
Contractual liability	V.28	525,086,822.72	645,711,808.53
Financial assets sold under agreements to repurchase			
Deposits received and hold for others			
Entrusted trading of securities			
Entrusted underwriting of securities			
Employee pay payables	V.29	124,604,217.12	146,734,696.02
Taxes and duties payable	V.30	19,716,470.61	30,276,580.76
Other payables	V.27	241,468,112.55	227,361,207.96
including: interest payable			
dividend payable	V.27	533,156.00	533,156.00
Fees and commissions payable			
Amount due to reinsurance			
Held for sale liabilities			
Non-current liabilities due within 1-year	V.31	237,380,756.40	161,421,072.72
Other current liabilities	V.32	183,999,339.42	191,009,526.67
Total Current Liabilities		3,856,269,354.46	3,740,297,516.91
Non-current Liabilities:			
Insurance contract provision			
Long-term borrowings	V.33	368,328,245.18	547,346,541.25
Bonds Payable			
including: preference share			
perpetual debt			
Lease liability	V.34	16,563,173.78	19,071,845.78
Long-term payables	V.35	18,845,786.63	12,451,396.59
Long-term employee payables			
Provision	V.36	2,300,208.22	2,703,369.53
Deferred income	V.37	92,793,132.73	90,733,480.29
Deferred Tax liabilities	V.21	28,677,754.07	26,601,881.56
Other non-current liabilities			
Total Non-current Liabilities		527,508,300.61	698,908,515.00
Total Liabilities		4,383,777,655.07	4,439,206,031.91
Owners Equity(or Shareholders Equity):			
Paid-in capital (Share capital)	V.38	843,212,507.00	843,212,507.00
Other equity instrument			
Including:preference share			
perpetual capital securities			
Capital reserve	V.39	717,097,098.38	717,097,098.38
Less: Treasury stock			
Other comprehensive income	V.40	2,208,669.73	2,208,669.73
Chartered reserve	V.41	1,988,616.80	
Surplus reserves	V.42	923,202,335.01	895,618,513.69
△Provision for general risk			
Undistributed profit	V.43	666,260,524.87	673,966,177.84
Equity attributable to equity holders of the Company		3,153,969,751.79	3,132,102,966.64
*Minority interest		58,788,971.89	57,006,488.80
Total Equity		3,212,758,723.68	3,189,109,455.44
Total Liabilities and Equity		7,596,536,378.75	7,628,315,487.35

legal representative:

financial controller:

accounting supervisor:



Balance Sheet of Parent Company



December 31, 2025

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

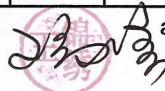
Amount Unit:RMB

ITEMS	No	31 December 2025	01 January 2025
Current Assets:			
Monetary funds		168,256,281.11	256,913,490.58
Tradable financial asset			
Derivative financial assets			
Notes receivable		68,484,896.13	72,589,334.53
Accounts receivable	XVII.1	463,332,443.22	466,964,861.72
Receivable financing		13,757,310.58	4,679,597.82
Prepayments		65,122,891.32	85,421,842.41
Other receivables	XVII.2	191,936,403.02	128,957,016.22
including: interest receivable			
dividend receivable	XVII.2	160,000,000.00	100,000,000.00
Inventories		332,344,633.33	325,468,330.52
Contractual assets		81,471,465.36	73,359,376.07
Held for sale assets			
Non-current assets due within 1-year			
Other current assets		4,225,339.08	9,963,685.06
Total Current Assets		1,388,931,663.15	1,424,317,534.93
Non-Current Assets:			
Debt investment			
Other debt investment			
Long-term receivables			
Long-term equity investment	XVII.3	2,894,643,627.80	2,906,530,622.51
Other equity instrument investment			
Other non-current financial assets		368,710.09	368,710.09
Investments properties		119,792,927.12	81,939,998.15
Fixed assets		582,725,753.84	591,199,135.48
Construction in process			27,671,778.14
Production biological assets			
Oil-gas assets			
Right-of-use assets		25,719,058.05	10,576,907.44
Intangible assets		65,079,359.37	66,109,306.96
Development cost			
Goodwill			
Long-term unamortized expense		2,301,963.63	3,315,026.79
Deferred tax asset		38,320,227.77	33,187,901.79
Other non-current assets		731,843.86	
Total Non-current Assets		3,729,683,471.53	3,720,899,387.35
Total Assets		5,118,615,134.68	5,145,216,922.28

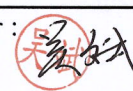
legal representative:



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financial controller:



accounting supervisor:



Balance Sheet of Parent Company (continued)

December 31, 2025

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

Amount Unit:RMB

ITEMS	No	31 December 2025	01 January 2025
Current Liabilities:			
Short-term borrowings		138,089,585.21	120,327,137.01
Financial liability held for trading			
Derivative financial liabilities			
Notes payable		113,282,771.39	108,226,992.06
Accounts payable		387,588,325.46	351,385,116.46
Advance received			
Contractual liability		63,052,699.58	104,206,582.50
Employee pay payables		8,535,633.24	11,354,626.22
Taxes and duties payable		3,070,077.04	12,135,282.22
Other payables		150,943,100.70	109,923,634.05
including: interest payable			
dividend payable		533,156.00	533,156.00
Held for sale liabilities			
Non-current liabilities due within 1-year		215,298,994.11	140,940,549.56
Other current liabilities		64,935,733.49	73,756,610.21
Total Current Liabilities		1,144,796,920.22	1,032,256,530.29
Non-current Liabilities:			
Long-term borrowings		368,328,245.18	541,046,541.25
Bonds Payable			
including: preference share			
perpetual debt			
Lease liability		19,917,432.95	8,626,368.06
Long-term payables			
Long-term employee payables			
Provision for liabilities			
Deferred income		55,223,748.78	54,972,980.29
Deferred Tax liabilities			
Other non-current liabilities			
Total Non-current Liabilities		443,469,426.91	604,645,889.60
Total Liabilities		1,588,266,347.13	1,636,902,419.89
Owners Equity(or Shareholders Equity):			
Paid-in capital (Share capital)		843,212,507.00	843,212,507.00
Other equity instrument			
Including:preference share			
perpetual capital securities			
Capital reserve		695,623,539.31	755,146,592.54
Less: Treasury stock			
Other comprehensive income		1,246,569.06	1,246,569.06
Chartered reserve			
Surplus reserves		923,202,335.01	895,618,513.69
Undistributed profit		1,067,063,837.17	1,013,090,320.10
Total Equity		3,530,348,787.55	3,508,314,502.39
Total Liabilities and Equity		5,118,615,134.68	5,145,216,922.28

legal representative:



financial controller:

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accounting supervisor:

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Consolidated Income Statement

For the year of 2025

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

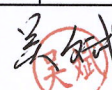
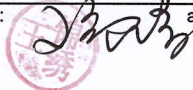
Amount Unit:RMB

Item	No	Current year	Last year
I、 Total operating revenue		4,398,094,389.06	4,531,147,208.98
Including: Operating revenue	V.44	4,398,094,389.06	4,531,147,208.98
II、 Total cost of operation		4,317,656,815.42	4,503,075,182.20
Including: Cost of operation	V.44	3,656,745,336.13	3,763,808,216.19
Taxes and surcharges	V.45	31,759,273.36	34,663,849.86
Selling and distribution expenses	V.46	211,903,469.07	240,710,529.95
Administrative expenses	V.47	249,316,764.42	285,364,414.70
R&D	V.48	149,965,827.16	155,526,315.57
Financial expenses	V.49	17,966,145.28	23,001,855.93
Including: Interest expenses		22,623,993.77	33,022,192.73
Interest income		6,007,580.39	9,280,290.94
add: other income	V.50	29,486,447.54	37,818,319.73
investment income (Loss listed with "-")	V.52	30,624,780.85	70,351,715.21
Including: income from investments in associates and joint ventures		31,082,949.20	30,246,020.75
Gain arising from derecognition of financial asset measured at amortized cost			
Exchange gain (Loss listed with "-")			
Gain on hedging of net exposure (Loss listed with "-")			
Gain on FV change (Loss listed with "-")	V.51		27,205,532.40
Loss on impairment of credit(Loss listed with "-")	V.53	-49,563,531.47	-17,220,602.29
Loss on impairment of assets(Loss listed with "-")	V.54	-22,088,833.56	-27,575,460.64
Gain on asset disposal(Loss listed with "-")	V.55	94,932.40	5,010,221.27
III、 Operating profit (Loss listed with "-")		68,991,369.40	123,661,752.46
Add: Non-operating income	V.56	9,738,717.76	11,482,254.04
Less: Non-operating expenses	V.57	7,478,518.46	9,500,703.48
IV、 Total profit (Loss listed with "-")		71,251,568.70	125,643,303.02
Less: Income tax expenses	V.58	5,990,291.90	11,961,323.25
V、 Net profit (Net loss listed with "-")		65,261,276.80	113,681,979.77
(I) Classification by continuity		65,261,276.80	113,681,979.77
1、 Net profit from continuing operation		65,261,276.80	113,681,979.77
2、 Net profit from discontinuing operation			
(II) Classification by ownership		65,261,276.80	113,681,979.77
1、 Net profit attributable to equity holders(shareholders) of the Company		62,038,793.70	110,335,139.06
2、 Minority interest		3,222,483.10	3,346,840.71
VI、 Other comprehensive income net off tax			
Net other comprehensive income net off tax attributable to equity holders(shareholders) of the parent company	V.40		
(I)Items that may not be reclassified subsequently to the income statement			
1.Change in net asset/liability from remeasurment on defined benefit plan			
2.Under equity method, proportionate share of other comprehensive income in invested company that may not be reclassified subsequently to the income statement			
3.FV change of other equity instrument investment			
4.FV change of own credit risk			
5.Others			
(II)Items that may be reclassified subsequently to the income statement			
1.Under equity method, proportionate share of other comprehensive income invested company that may be reclassified subsequently to the income statement			
2.FV change of other debt instrument investment			
3.Financial assets reclassified into other comprehensive income			
4.Credit impairment provision of other debt investment			
5.Cash flow hedges effective portion			
6.Foreign currency translation difference			
7.Others			
Net other comprehensive income net off tax attributable to Minority interest			
VII、 Total comprehensive income		65,261,276.80	113,681,979.77
Total comprehensive income attributable to parent Company		62,038,793.70	110,335,139.06
Total comprehensive income attributable to minority interest		3,222,483.10	3,346,840.71
VIII、 Earnings per share			
(I)Basic earnings per share		0.07	0.13
(II)Diluted earnings per share		0.07	0.13

legal representative:

financial controller:

accounting supervisor:



Income Statement of Parent Company

For the year of 2025

Name of Enterprise: Bingshan Refrigeration & Heat Transfer Technologies Co

Amount Unit:RMB

Item	No	Current year	Last year
I、Operating revenue	XVII.4	811,838,907.91	696,459,652.07
Less: Cost of operation	XVII.4	707,798,921.27	604,399,184.03
Taxes and surcharges		11,192,743.32	11,978,974.98
Selling and distribution expenses		28,500,020.07	51,122,858.42
Administrative expenses		83,866,194.50	90,534,796.55
R&D		26,417,017.78	21,804,970.80
Financial expenses		17,571,329.77	27,283,214.03
Including: Interest expenses		16,977,903.88	26,750,004.75
Interest income		436,193.24	609,808.44
Add: Other income		14,190,300.83	12,306,792.38
Investment income (Loss listed with "-")	XVII.5	200,230,621.84	174,148,036.93
Including: income from investments in associates and joint ventures		30,662,879.69	29,697,030.53
Gain arising from derecognition of financial asset measured at amortized cost			
Gain on hedging of net exposure (Loss listed with "-")			
Gain on FV change (Loss listed with "-")			27,205,532.40
Loss on impairment of credit(Loss listed with "-")		-16,053,053.27	-22,722,877.37
Loss on impairment of assets(Loss listed with "-")		-14,754,441.01	-19,598,707.34
Gain on asset disposal(Loss listed with "-")		-68,923.59	-1,269,088.31
II、Operating profit (Loss listed with "-")		120,037,186.00	59,405,341.95
Add: Non-operating income		167,234.47	269,878.27
Less: Non-operating expenses		1,721,858.65	1,128,310.68
III、Total profit (Loss listed with "-")		118,482,561.82	58,546,909.54
Less: Income tax expenses		-5,235,401.92	-17,513,215.19
IV、Net profit (Net loss listed with "-")		123,717,963.74	76,060,124.73
1、Net profit from continuing operation		123,717,963.74	76,060,124.73
2、Net profit from discontinuing operation			
V、Other comprehensive income net off tax			
(I)Items that may not be reclassified subsequently to the income statement			
1.Change in net asset/liability from remeasurment on defined benefit plan			
2.Under equity method, proportionate share of other comprehensive income in invested company that may not be reclassified subsequently to the income statement			
3.FV change of other equity instrument investment			
4.FV change of own credit risk			
5.Others			
(II)Items that may be reclassified subsequently to the income statement			
1.Under equity method, proportionate share of other comprehensive income invested company that may be reclassified subsequently to the income statement			
2.FV change of other debt instrument investment			
3.Financial assets reclassified into other comprehensive income			
4.Credit impairment provision of other debt investment			
5.Cash flow hedges effective portion			
6.Foreign currency translation difference			
7.Others			
VI、Total comprehensive income		123,717,963.74	76,060,124.73

legal representative:



financial controller:

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accounting supervisor:

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Consolidated Cash Flow Statement

For the year of 2025

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

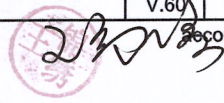
Amount Unit:RMB

Item	No	Current year	Last year
1. Cash flows from operating activities:			
Cash received from sales of goods and rendering of services		4,021,629,541.64	4,132,863,246.10
Cash received from taxes refund		43,939,145.32	25,456,160.07
Cash received relating to other operating activities	V.59	113,584,732.57	124,986,561.38
Sub-total of cash inflows from operating activities		4,179,153,419.53	4,283,305,967.55
Cash paid for goods and services		2,923,077,767.33	2,877,529,073.45
Cash paid to and on behalf of employees		738,556,872.66	756,915,550.24
Payments of taxes and surcharges		166,612,488.18	176,680,947.47
Cash paid relating to other operating activities	V.59	228,694,606.88	235,026,121.95
Sub-total of cash outflows from operating activities		4,056,941,735.05	4,046,151,693.11
Net cash flows from operating activities	V.59	122,211,684.48	237,154,274.44
2. Cash flows from investment activities:			
Cash received from return of investments			45,841,618.00
Cash received from investments income		31,846,958.75	252,459,403.89
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		560,050.31	32,620,564.76
Net cash received from disposal of subsidiaries and other business units			
Cash received relating to other investing activities	V.59	50,000,000.00	268,000,000.00
Sub-total of cash inflows from investing activities		82,407,009.06	598,921,586.65
Cash paid to acquire fixed assets, intangible assets and other long-term assets		192,996,925.42	78,719,169.31
Cash paid for investments		1,800,000.00	
Net increase in pledged deposits			
Net cash paid to acquire subsidiaries and other business units			
Cash paid relating to other investing activities	V.59	100,000,000.00	150,000,000.00
Sub-total of cash outflow from investing activities		294,796,925.42	228,719,169.31
Net cash flows from investing activities		-212,389,916.36	370,202,417.34
3. Cash flows from financing activities			
Cash received from investment absorption			
Including: Cash received by subsidiaries from investment absorption of non-controlling interest			
Cash received from loans granted		241,462,821.74	320,155,297.55
Cash received relating to other financing activities	V.59	27,257,064.11	25,044,611.52
Sub-total of cash inflows from financing activities		268,719,885.85	345,199,909.07
Cash paid for settlement of borrowings		312,650,360.38	527,254,659.28
Cash paid for dividends, profits appropriation or payments of interest		62,742,613.73	57,066,184.92
Including: Dividends and profits paid to non-controlling interest		1,440,000.00	
Cash paid relating to other financing activities	V.59	36,545,723.43	90,702,937.55
Sub-total of cash outflows from financing activities		411,938,697.54	675,023,781.75
Net cash flows from financing activities		-143,218,811.69	-329,823,872.68
4. Effect of changes in foreign exchange rate on cash and cash equivalents		2,260,080.81	3,606,528.52
5. Net increase in cash and cash equivalents	V.60	-231,136,962.76	281,139,347.62
Add: Cash and cash equivalents at beginning of year		951,579,683.60	670,440,335.98
6. Cash and cash equivalents at end of year	V.60	720,442,720.84	951,579,683.60

legal representative:

financial controller:

Accounting supervisor:



Cash Flow Statement of Parent Company

For the Year of 2025

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

Amount Unit:RMB

Item	No	Current year	Last year
1.Cash flow from operating activities			
Cash receipts from sale of goods or rendering of services		678,559,988.84	848,888,657.18
Refunds of taxes		7,773,364.19	
Other cash receipts in operating activities		41,691,229.46	34,563,283.45
Sub-total of cash inflows from operating activities		728,024,582.49	883,451,940.63
Cash payments for goods and services acquired		516,606,969.00	713,836,118.74
Cash payments to and on behalf of employees		115,104,318.37	111,473,766.42
Tax and duties payments		40,452,608.12	32,861,684.04
Other cash payments for operating activities		51,512,848.30	53,929,712.27
Sub-total of cash outflows from operating activities		723,676,743.79	912,101,281.47
Net cash flows from operating activities		4,347,838.70	-28,649,340.84
2.Cash flows from investing activities			
Cash receipts from return of investments			45,841,618.00
Cash receipts from investments income		140,733,671.38	368,507,803.12
Net cash receipts from disposal of fixed assets, intangible assets and other long-term assets			611,082.50
Net cash receipts from disposal of subsidiaries and other businesses			
Other cash receipts in investing activities			
Sub-total of cash inflows from investing activities		140,733,671.38	414,960,503.62
Cash payments for acquired fixed assets, intangible assets and other long-term assets		79,393,154.60	4,821,677.10
Cash payments for investment		7,000,000.00	16,000,000.00
Net cash payments for acquisition of subsidiaries and other businesses			
Other cash payments in investing activities			
Sub-total of cash outflows from investing activities		86,393,154.60	20,821,677.10
Net cash flows from investment activities		54,340,516.78	394,138,826.52
3.Cash flows from financing activities			
Cash received from capital injection			
Cash receipts from borrowings		178,400,000.00	229,000,000.00
Other cash receipts in financing activities			
Sub-total of cash inflows from financing activities		178,400,000.00	229,000,000.00
Cash paid for settlement of borrowings		261,229,166.67	447,170,833.33
Cash paid for dividends, profits appropriation or payments of interest		57,689,422.20	50,616,061.71
Other cash payments in financing activities		5,780,000.00	15,648,719.37
Sub-total of cash outflows from financing activities		324,698,588.87	513,435,614.41
Net cash flows from financing activities		-146,298,588.87	-284,435,614.41
4.Effect of changes in foreign exchange rate on cash and cash equivalents		28,279.96	-171,942.78
5.Net increases in cash and cash equivalents		-87,581,953.43	80,881,928.49
Add: the beginning balance of cash and cash equivalent		253,995,179.54	173,113,251.05
6.The ending balance of cash and cash equivalent		166,413,226.11	253,995,179.54

legal representative:



financial controller:

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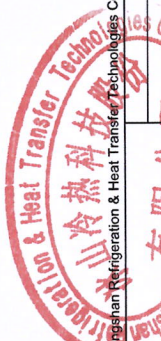
accounting supervisor:

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Consolidated Statement of Changes in Shareholder's Equity


For the Year of 2025

Amount Unit:RMB

Name of Enterprise: Bingshan Refrigeration & Heat Transfer Technologies Co., Ltd 210204000013515 	Current year											Total equity		
	Equity attributable to the equity holders of the Company													
	Paid-up capital (share capital)	Other equity instrument		Capital reserves	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	△General risk provision	Undistributed profits	Others		Sub-total	Minority interests
preference share	perpetual bond	others										Total equity		
1. Balance at end of last year	843,212,507.00			717,097,098.38		2,208,669.73		895,618,513.69		673,966,177.84		3,132,102,966.64	57,006,488.80	3,189,109,455.44
Add: Changes in accounting policies														
Correction of prior periods errors														
Business combination within the same control														
Others														
2. Balance at beginning of current year	843,212,507.00			717,097,098.38		2,208,669.73		895,618,513.69		673,966,177.84		3,132,102,966.64	57,006,488.80	3,189,109,455.44
3. Increase/ Decrease for current year (Decrease listed with "-")								27,583,821.32		-7,705,652.97		21,866,785.15	1,782,483.09	23,649,268.24
(I) Total of comprehensive income									62,038,793.70			62,038,793.70	3,222,483.10	65,261,276.80
(II) Capital contribution and reduction														
1. Ordinary share														
2. Capital contributed by other equity instrument holders														
3. Share-based payments charged to equity														
4. Others														
(III) Profit appropriations								27,583,821.32		-68,744,446.67		-42,160,625.35	-1,440,000.01	-43,600,625.36
1. Appropriation to surplus reserves								27,583,821.32		-27,583,821.32				
2. Appropriation to general risks provision														
3. Appropriation to equity holders (or shareholders)														
4. Others														
(IV) Transfer within equity														
1. Transfer of capital reserve to capital (share capital)														
2. Transfer of surplus reserves to capital (share capital)														
3. Surplus reserves making up of losses														
4. Carried over the change in net asset/liability from remeasurement on defined benefit plan														
5. Transfer of other comprehensive to retained earnings														
6. Others														
(V) Special reserves								1,988,616.80				1,988,616.80		1,988,616.80
1. Provision for special reserve								15,636,443.56				15,636,443.56		15,636,443.56
2. Utilisation of special reserve								13,647,826.76				13,647,826.76		13,647,826.76
(VI) Others														
4. Balance at end of current year	843,212,507.00			717,097,098.38		2,208,669.73		923,202,335.01		666,260,524.87		3,153,969,751.79	56,788,871.89	3,212,758,723.68

financial controller:

accounting supervisor:


 210204000013515



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

For the Year of 2025

Name of Enterprises: Shingshan Refrigeration & Heat Transfer Technologies Co., Ltd

Amount Unit:RMB

Item	Equity attributable to the equity holders of the Company										Total equity				
	Last year														
	Paid-up capital (share capital)	preference share	perpetual bond	others	Capital reserves	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	△General risk provision		Undistributed profits	Others	Sub-total	Minority interests
1. Balance at 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		3,047,513,577.75	56,528,848.12	3,104,042,425.87
Add: Changes in accounting policies															
Correction of prior periods errors															
Business combination within the same control															
Others															
2. Balance at beginning of current year	843,212,507.00				717,097,098.38		2,208,669.73	449,374.96	867,159,439.34		617,386,488.34		3,047,513,577.75	56,528,848.12	3,104,042,425.87
3. Increase/ Decrease for current year (Decrease listed with "-")								-449,374.96	28,459,074.35		56,579,689.50		84,589,388.89	477,640.68	85,067,029.57
(I) Total of comprehensive income											110,335,139.06		110,335,139.06	3,346,840.71	113,681,979.77
(II) Capital contribution and reduction															
1. Ordinary share															
2. Capital contributed by other equity instrument holders															
3. Share-based payments charged to equity															
4. Others															
(III) Profit appropriations															
1. Appropriation to surplus reserves									28,459,074.35		-53,755,449.56		-25,296,375.21	-2,869,200.03	-28,165,575.24
2. Appropriation to general risks provision									28,459,074.35		-28,459,074.35				
3. Appropriation to equity holders (or shareholders)															
4. Others															
(IV) Transfer within equity															
1. Transfer of capital reserve to capital (share capital)															
2. Transfer of surplus reserves to capital (share capital)															
3. Surplus reserves making up of losses															
4. Carried over the change in net asset/liability from re-measurement on defined benefit plan															
5. Transfer of other comprehensive to retained earnings															
6. Others															
(V) Special reserves															
1. Provision for special reserve								-449,374.96						-449,374.96	-449,374.96
2. Utilisation of special reserve								9,641,589.11						9,641,589.11	9,641,589.11
(VI) Others								10,090,964.07						10,090,964.07	10,090,964.07
4. Balance at end of current year	843,212,507.00				717,097,098.38		2,208,669.73		895,618,513.69		673,966,177.84		3,132,102,966.64	57,006,488.80	3,189,109,455.44

financial controller:

accounting supervisor:

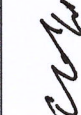
Statement of Changes in Shareholder's Equity of Parent Company


For the Year of 2025


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

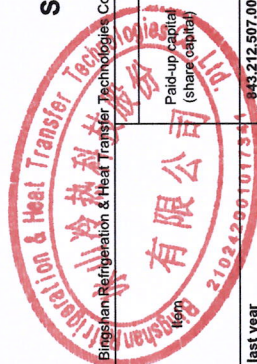
Amount Unit: RMB

	Current year			Total equity
	Balance at end of last year	Changes in accounting policies Correction of prior periods errors Others	Balance at beginning of current year (Decrease listed with "-")	
1. Balance at end of last year	843,212,507.00		843,212,507.00	3,508,314,502.39
2. Balance at beginning of current year			843,212,507.00	3,508,314,502.39
3. Increase/Decrease for current year (Decrease listed with "-")				22,034,285.16
(I) Total of comprehensive income			1,246,569.06	123,717,963.74
(II) Capital contribution and reduction				
1. Ordinary share				
2. Capital contributed by other equity instrument holders				
3. Share-based payments charged to equity				
4. Others				
(III) Profit appropriations				
1. Appropriation to surplus reserves			-69,744,446.67	-42,160,625.35
2. Appropriation to equity holders (or shareholders)			-27,583,821.32	-42,160,625.35
3. Others				
(IV) Transfer within equity				
1. Transfer of capital reserve to capital (share capital)				
2. Transfer of surplus reserves to capital (share capital)				
3. Surplus reserves making up of losses				
4. Carried over the change in net asset/liability from remeasurement on defined benefit plan				
5. Transfer of other comprehensive to retained earnings				
6. Others				
(V) Special reserves				
1. Provision for special reserve			2,851,149.13	2,851,149.13
2. Utilisation of special reserve			-2,851,149.13	-59,523,053.23
(VI) Others			-59,523,053.23	-59,523,053.23
4. Balance at end of current year	843,212,507.00		1,246,569.06	3,530,348,787.55

legal representative: 

financial controller: 

accounting supervisor: 




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


For the Year of 2025


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

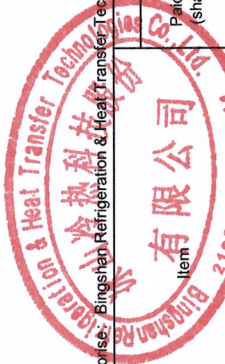
Amount Unit:RMB

Item	Paid-up capital (share capital)	Other equity instrument			Capital reserves	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profits	Others	Total equity
		preference share	perpetual bond	others								
1. Balance at end of last year	843,212,507.00				755,146,592.54		1,246,569.06		867,159,439.34	990,785,644.93		3,457,550,752.87
Add: Changes in accounting policies												
Correction of prior periods errors												
Others												
2. Balance at beginning of current 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
3. Increase/ Decrease for current year (Decrease listed with "-")												
(I) Total of comprehensive income												
(II) Capital contribution and reduction												
1. Ordinary share												
2. Capital contributed by other equity instrument holders												
3. Share-based payments charged to equity												
4. Others												
(III) Profit appropriations												
1. Appropriation to surplus reserves									28,459,074.35	-53,755,449.56		-25,296,375.21
2. Appropriation to equity holders (or shareholders)									28,459,074.35	-28,459,074.35		
3. Others										-25,296,375.21		-25,296,375.21
(IV) Transfer within equity												
1. Transfer of capital reserve to capital (share capital)												
2. Transfer of surplus reserves to capital (share capital)												
3. Surplus reserves making up of losses												
4. Carried over the change in net asset/liability from remeasurement on defined benefit plan												
5. Transfer of other comprehensive to retained earnings												
6. Others												
(V) Special reserves												
1. Provision for special reserve								3,418,435.92				3,418,435.92
2. Utilisation of special reserve								3,418,435.92				3,418,435.92
(VI) Others												
4. Balance at end of current 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

legal representative: 

financial controller: 

accounting supervisor: 



Notes to financial statements

January 1, 2025 to December 31, 2025

(The currency is in RMB Yuan except otherwise indicated)

(English translation for reference only)

I. General Information

Bingshan Refrigeration & Heat Transfer Technologies Co., Ltd (hereinafter referred to as the “the Company” or “the group” if subsidiaries included) previously named as Dalian Refrigeration Company Limited, was reorganized and reformed from main part of former Dalian Refrigeration Factory. On December 8, 1993, the Company went to the public as a listed company at Shenzhen Stock Exchange Market. On March 20, 1998, the Company successfully went to the public at B share market and listed at Shenzhen Stock Exchange Market with total share capital of RMB350,014,975.00Yuan. The registered address is No. 106 East Liaohe Road, Dalian Economic and Technological Development Zone, Liaoning Province, as same as the headquarters’ address. The unified social credit code is 912102002423613009 on the business license.

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

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

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

Notes to financial statements

January 1, 2025 to December 31, 2025

(The currency is in RMB Yuan except otherwise indicated)

(English translation for reference only)

According to the ‘Restricted Share Incentive Plan(draft) of Dalian Refrigeration Company Limited for the year of 2016’ and the ‘Proposal regarding the shareholders’ meeting authorized the board of directors to implement the Restricted Share Incentive Plan’ approved on the 3rd provisional general meeting held on September 13, 2016, the 9th meeting of the 7th generation of board deliberated and passed the ‘Proposal about granting the restricted shares to incentive targets’ on September 20, 2016 and set September 20, 2016 as share granted date, and granted 12,884,000 number of restricted shares to 118 incentive targets at granted price of 5.62Yuan per share. By November 22, 2016, The Company has actually received the newly subscribed registered share capital of 12,884,000.00Yuan subscribed by incentive targets.

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

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

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

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

On December 20th, 2019, The Company held the 7th meeting of the 8th Board of Directors and approved to change The Company’s name from Dalian Refrigeration Company Limited to

Notes to financial statements

January 1, 2025 to December 31, 2025

(The currency is in RMB Yuan except otherwise indicated)

(English translation for reference only)

Bingshan Refrigeration & Heat Transfer Technologies Co., Ltd.

The company is in general equipment manufacturing industry. The main business activities are the research and development, production and sales of various industrial refrigeration components, as well as the design, production and installation of complete engineering projects. The main products include: scroll type, piston type, screw type compressor units, cold water machine and other refrigeration equipment and all kinds of complete sets of refrigeration projects.

This financial report is approved by the board of directors on April 22, 2026.

II. 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 December 31, 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.

III. 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 truly and fully reflect the relative information of the financial position for the year ended as of December 31, 2025, operating performance, cash flow of the Company and the group for the year then ended.

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.

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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 V.3	Single provision is over 10 million Yuan and represents more than 10% of the total provision
Collection or reverse of significant receivables	Note V.3	Single provision is over 10 million Yuan and represents more than 10% of the total provision
Significant receivables written off	Note V.3	Single provision is over 10 million Yuan and represents more than 10% of the total provision
Significant construction in progress	Note V.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

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(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 net asset or liability of defined benefit

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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

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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,

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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

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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

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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

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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 derivate 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

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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)

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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

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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 XI.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

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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

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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 and

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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.

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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.

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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.

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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.

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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
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Use right of land	50	0	2
Property and Buildings	20、40	3/10	2.25-4.85

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	3-15	1、3、5、10	6-33.33
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:

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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

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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

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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

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allocated from the service rendered by employees.

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

Termination benefits are employee benefits payable as a result of either the group's decision to terminate an employee's employment before the contract due date or an employee's decision to accept voluntary redundancy in exchange for those benefits. The group shall recognize the termination benefits as a liability and an expense on the earlier date (1) when the group cannot unilateral withdraw the termination benefits due to employment termination plan or due to redundancy suggestion, or (2) when the group can recognize the restricting cost or expense arising from paying termination benefits.

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

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

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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

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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

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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

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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.

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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

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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;

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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 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

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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

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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 2025, 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.

28. Changes in Accounting Policies, Accounting Estimates

(1) Change in significant accounting policies

No.

(2) Changes in significant accounting estimates

No.

IV. Taxation

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

Tax	Tax base	Tax rate
Value-added tax (VAT)	Revenue of sales goods or services	5%、6%、9%、13%、
City construction tax	Actual VAT paid	5%、7%
Education surcharge	Actual VAT paid	3%
Local education surcharge	Actual VAT paid	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

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	provisions of the state and local
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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%
Bingshan Engineering & Trading (Hong Kong) Co., Ltd	Profit in HKD ≤ 2 million, 8.25%
	Profit in HKD > 2 million, 16.5%

2. Tax preference

(1) The Company obtained the qualification of high and new technology enterprises in December, 2023. The Certificate No. is GR202321201041. According to the tax bureau approval, the Company can be granted for the preferential tax policy of enterprise income tax rate of 15% from FY2023 to FY2025.

The Company's subsidiary, Dalian Bingshan Air-conditioning Equipment Co., Ltd. obtained the qualification of high and new technology enterprises in December, 2023. The Certificate No. is GR202321201161. According to the tax bureau approval, the Company can be granted for the preferential tax policy of enterprise income tax rate of 15% from FY2023 to FY2025.

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The Company's subsidiary, Dalian Bingshan Guardian Automation Co., Ltd. obtained the qualification of high and new technology enterprises in December, 2024. The Certificate No. is GR202421200978. According to the tax bureau approval, the Company can be granted for the preferential tax policy of enterprise income tax rate of 15% from FY2024 to FY2026.

The Company's subsidiary, Wuhan New World Refrigeration Industrial Co., Ltd. obtained the qualification of high and new technology enterprises in November, 2024. The Certificate No. is GR202442000336. According to the tax bureau approval, the Company can be granted for the preferential tax policy of enterprise income tax rate of 15% from FY2024 to FY2026.

The Company's subsidiary, Dalian Universe Thermal Technology Co., Ltd. obtained the qualification of high and new technology enterprises in December, 2023. The Certificate No. is GR202321200114. According to the tax bureau approval, the Company can be granted for the preferential tax policy of enterprise income tax rate of 15% from FY2023 to FY2025.

The Company's subsidiary, Sonyo Compressor (Dalian) Co., Ltd. (hereinafter referred to as "Sonyo Compressor") obtained the qualification of high and new technology enterprises in December, 2024. The Certificate No. is GR202421200617. According to the tax bureau approval, the Company can be granted for the preferential tax policy of enterprise income tax rate of 15% from FY2024 to FY2026.

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 in December, 2023. The Certificate No. is GR202321201152. According to the tax bureau approval, the Company can be granted for the preferential tax policy of enterprise income tax rate of 15% from FY2023 to FY2025.

The Company's subsidiary, Sonyo Refrigeration (Dalian) Co., Ltd. (hereinafter referred to as "Sonyo Refrigeration") obtained the qualification of high and new technology enterprises in December, 2024. The Certificate No. is GR202421200850. According to the tax bureau approval, the Company can be granted for the preferential tax policy of enterprise income tax rate of 15% from FY2024 to FY2026.

(2) According to the Announcement of the Ministry of Finance and Tax Administration on the accelerate VAT Deduction for advanced manufacturing enterprise (Announcement No. 43, 2023), within the period from January 1st, 2023 to December 31st, 2027, the advanced enterprises are allowed for input VAT deduction at 5% acceleration rate during the current period. The Company and its subsidiaries, Dalian Bingshan Air-conditioning Equipment, Dalian Bingshan Guardian Automation, Wuhan New World Refrigeration, Dalian Universe

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Thermal, Sonyo Compressor, Sonyo Refrigeration and Sonyo Refrigeration System enjoy the tax preference.

V. Notes to Consolidated Financial Statements

The following disclosure date on this financial statement without special indication, “opening” refers to January 1, 2025; “closing” refers to December 31, 2025; “current period” refers to the period from January 1, 2025 to December 31, 2025; and “last period” refers to the period from January 1, 2024 to December 31, 2024; with the currency unit RMB.

1. Monetary fund

Item	Closing Balance	Opening Balance
Cash on hand	11,965.04	28,585.88
Cash in bank	823,429,651.62	1,011,911,100.49
Other cash and cash equivalents	56,940,349.45	30,204,058.30
Total	880,381,966.11	1,042,143,744.67
Including: sum of deposits overseas		

Note1: At year-end, cash in bank includes RMB 100,934,791.55 of principal and interest from time deposits, RMB 219,297.00 of migrant worker security deposit, and RMB 1,844,807.27 of frozen account funds.

Note2: Other monetary funds are bank acceptance deposit 39,252,702.82 Yuan, deposit for letter of guarantee is 17,687,646.63 Yuan.

2. Notes receivable

(1) Category of notes receivable

Items	Closing Balance	Opening Balance
Bank acceptance notes	314,266,079.29	331,617,161.92
Trade acceptance notes	12,067,382.02	21,237,701.56
Total	326,333,461.31	352,854,863.48

(2) Categories according to bad debts provision method

Items	Closing Balance				Booking value
	Booking balance		Provision		
	Amount	%	Amount	%	
Bad debts	327,644,277.68	100.00	1,310,816.37	0.40	326,333,461.31

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Items	Closing Balance				Booking value
	Booking balance		Provision		
	Amount	%	Amount	%	
provision based on group					
Including: bank acceptance notes	314,266,079.29	95.92			314,266,079.29
Trade acceptance notes	13,378,198.39	4.08	1,310,816.37	9.80	12,067,382.02
Total	327,644,277.68	100.00	1,310,816.37	0.40	326,333,461.31

(Continued)

Items	Opening balance				Booking value
	Booking balance		Provision		
	Amount	%	Amount	%	
Bad debts provision based on group	354,276,459.03	100.00	1,421,595.55	0.40	352,854,863.48
Including: bank acceptance notes	331,617,161.92	93.60	-	-	331,617,161.92
Trade acceptance notes	22,659,297.11	6.40	1,421,595.55	6.27	21,237,701.56
Total	354,276,459.03	100.00	1,421,595.55	0.40	352,854,863.48

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1) Categories based on group

Items	Closing Balance		
	Booking balance	Provision	Provision (%)
Bank acceptance notes	314,266,079.29	-	-
Trade acceptance notes	13,378,198.39	1,310,816.37	9.80
Total	327,644,277.68	1,310,816.37	—

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

Category	Opening balance	Change during the year			Closing Balance
		Accrued	Collected/ reversed	Written-off	
Bad debt provision	1,421,595.55	1,300,625.34	1,411,404.52	-	1,310,816.37
Total	1,421,595.55	1,300,625.34	1,411,404.52	-	1,310,816.37

(4) Pledged notes receivable up to the end of year: none

(5) Notes receivable endorsed or discounted but not mature at the end of year

Item	Closing amount derecognized	Closing amount still recognized
Bank acceptance notes	-	142,037,177.99
Trade acceptance notes	-	5,437,790.21
Total	-	147,474,968.20

(6) Notes receivable written off: none

3. Accounts receivable

(1) Aging of accounts receivable

Account Age	Closing Balance	Opening Balance
Within 1 year (incl 1 year)	1,092,696,615.62	995,252,568.14
1-2 years	379,020,172.71	360,274,915.33
2-3 years	243,520,446.02	231,407,610.78
Over 3 years	546,218,423.95	484,919,878.50
Of which: 3-4years	165,231,453.24	113,036,063.46
4-5years	66,790,581.57	125,797,609.62

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Account Age	Closing Balance	Opening Balance
Over 5 years	314,196,389.14	246,086,205.42
Total	2,261,455,658.30	2,071,854,972.75

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

Items	Closing Balance				Booking value
	Booking balance		Provision		
	Amount	%	Amount	%	
Bad debt provision on individual basis	13,037,034.36	0.58	10,229,483.90	78.46	2,807,550.46
Bad debt provision on group	2,248,418,623.94	99.42	616,493,877.94	27.42	1,631,924,746.00
Including: aging as characteristics of credit risk	2,248,418,623.94	99.42	616,493,877.94	27.42	1,631,924,746.00
Total	2,261,455,658.30	100.00	626,723,361.84	27.71	1,634,732,296.46

(Continued)

Items	Opening balance				Booking value
	Booking balance		Provision		
	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

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1) Bad debt provisions on individual basis

Name	Opening balance		Closing Balance			Reason
	Accounts receivable	Provision for bad debts	Accounts receivable	Provision for bad debts	Proportion (%)	
Company 1	6,496,000.00	5,244,096.20	6,496,000.00	5,244,096.20	80.73	Full recovery is not expected
Other company 1	6,575,940.81	5,020,294.15	6,541,034.36	4,985,387.70	76.22	Recovery is not expected
Total	13,071,940.81	10,264,390.35	13,037,034.36	10,229,483.90	—	

2) Bad debt provisions on group basis

Aging	Closing Balance		
	Accounts receivable	Provision for bad debts	Drawing proportion (%)
Within 1 year	1,092,696,615.62	50,587,440.59	4.63
1 to 2 years	379,020,172.71	59,614,765.33	15.73
2 to 3 years	243,520,446.02	73,670,615.11	30.25
3 to 4 years	163,707,586.97	80,466,825.71	49.15
4 to 5 years	61,732,324.68	44,412,753.26	71.94
Over 5 years	307,741,477.94	307,741,477.94	100.00
Total	2,248,418,623.94	616,493,877.94	—

(3) Bad debt provision of current period

Category	Opening balance	Change during the year				Closing Balance
		Accrued	Collected/reversed	Written-off	Others	
Bad debt provision	579,620,623.85	60,424,205.96	10,916,559.22	6,605,600.12	4,200,691.37	626,723,361.84
Total	579,620,623.85	60,424,205.96	10,916,559.22	6,605,600.12	4,200,691.37	626,723,361.84

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(4) Accounts receivable written off in current period

Item	Written off amount
Receivable actually written off	6,605,600.12

(5) Top 5 receivables and contract assets

The sum of top 5 of receivables and contract assets is 306,401,965.76Yuan, represents 12.49% of closing balance of receivables and contract assets and bad debt provision of 42,773,992.29Yuan shall be made.

4. Contract asset

(1) contract asset

Items	Closing Balance		
	Booking balance	Provision	Carrying amount
Undue warranty	178,324,350.44	22,629,454.12	155,694,896.32
Unsettled receivable of revenue recognized over time	12,453,644.06	6,331,611.99	6,122,032.07
Total	190,777,994.50	28,961,066.11	161,816,928.39

(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

(2) Significant change of the account

Items	Amount	Reason
Undue warranty	-20,291,433.86	Change of consolidation scope
Unsettled receivable of revenue recognized over time	-4,170,242.58	Settled during the year
Total	-24,461,676.44	

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

Items	Closing Balance				Booking value
	Booking balance		Provision		
	Amount	%	Amount	%	
Bad debt provision on individual basis	1,709,948.80	0.90	1,709,948.80	100.00	-
Bad debt provision on group	189,068,045.70	99.10	27,251,117.31	14.41	161,816,928.39
Including: aging as characteristics of credit risk	189,068,045.70	99.10	27,251,117.31	14.41	161,816,928.39
Total	190,777,994.50	100.00	28,961,066.11	15.18	161,816,928.39

(continued)

Items	Opening Balance				Booking value
	Booking balance		Provision		
	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			Reason
	Accounts receivable	Provision for bad debts	Accounts receivable	Provision for bad debts	Proportion (%)	
Other companie2	1,709,948.80	1,709,948.80	1,709,948.80	1,709,948.80	100.00	Recovery is not expected
Total	1,709,948.80	1,709,948.80	1,709,948.80	1,709,948.80	—	

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2) Bad debt provisions on group basis

Aging	Closing Balance		
	Accounts receivable	Provision for bad debts	Drawing proportion (%)
Within 1 year	108,250,259.86	6,550,204.80	6.05
1 to 2 years	47,799,026.89	7,013,410.17	14.67
2 to 3 years	23,271,500.56	7,081,982.08	30.43
3 to 4 years	5,836,924.69	2,879,354.95	49.33
4 to 5 years	645,752.87	461,584.48	71.48
Over 5 years	3,264,580.83	3,264,580.83	100.00
Total	189,068,045.70	27,251,117.31	—

(4) Bad debt provision of current period

Category	Opening balance	Change during the year				Closing Balance
		Accrued	Collected/reversed	Written-off	Others	
Undue warranty	21,432,543.00	3,404,783.25	3,316,869.21	-	-	21,520,457.04
Unsettled receivable of revenue recognized over time	9,046,187.62	817,027.40	2,422,605.95	-	-	7,440,609.07
Total	30,478,730.62	4,221,810.65	5,739,475.16	-	-	28,961,066.11

(5) Contract asset actually written off

None

5. Finance receivable

(1) Category of finance receivable

Items	Closing Balance	Opening Balance
Bank acceptance notes	335,460,836.49	382,073,283.27
Total	335,460,836.49	382,073,283.27

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

Items	Closing Balance				Booking value
	Booking balance		Provision		
	Amount	%	Amount	%	
Bad debt provision on group	335,460,836.49	100.00	-	-	335,460,836.49
Including: bank acceptance notes	335,460,836.49	100.00	-	-	335,460,836.49
Total	335,460,836.49	100.00	-	-	335,460,836.49

(Continued)

Items	Opening balance				Booking value
	Booking balance		Provision		
	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	2,720,000.00
Total	2,720,000.00

(4) Receivables Financing that have been endorsed or discounted at the year-end and not yet due on the balance sheet date.

Items	Amount Derecognised at Year-End	Amount Not Derecognised at Year-End
Bank acceptance notes	238,072,334.72	
Total	238,072,334.72	

6. Other receivables

Items	Closing Balance	Opening Balance
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Items	Closing Balance	Opening Balance
Dividend receivable	-	11,150.00
Other receivables	43,032,866.40	45,748,416.06
Total	43,032,866.40	45,759,566.06

6.1. Dividends receivable

(1) Classification

Company	Closing Balance	Opening Balance
Wuhan Steel and Electricity Co., Ltd.	-	11,150.00
Total	-	11,150.00

6.2. Other receivables

(1) The categories of other receivable according to nature

Items	Closing Balance	Opening Balance
Receivables and payables	31,017,128.68	31,791,903.41
Security deposit	38,899,378.49	30,974,881.78
Petty cash	2,363,019.14	3,488,045.56
Others	8,451,091.73	17,138,048.40
Total	80,730,618.04	83,392,879.15

(2) Aging of other receivable

Account Age	Closing Balance	Opening Balance
Within 1 year (incl 1 year)	26,964,869.71	33,984,236.78
1-2 years	9,403,208.35	2,933,743.71
2-3 years	2,116,369.26	4,459,628.80
Over 3 years	42,246,170.72	42,015,269.86
Of which: 3-4years	3,197,916.80	6,493,865.77
4-5years	5,319,043.53	23,958,940.09
Over 5 years	33,729,210.39	11,562,464.00
Total	80,730,618.04	83,392,879.15

(3) Category of other receivable based on bad debt provision method

Items	Closing Balance		
	Booking balance	Provision	Booking value

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	Amount	%	Amount	%	
Bad debt provision on individual basis	24,826,580.94	30.75	24,826,580.94	100.00	-
Bad debt provision on group	55,904,037.10	69.25	12,871,170.70	23.02	43,032,866.40
Including: aging as characteristics of credit risk	55,904,037.10	69.25	12,871,170.70	23.02	43,032,866.40
Total	80,730,618.04	100.00	37,697,751.64	46.70	43,032,866.40

(Continued)

Items	Opening balance				Booking value
	Booking balance		Provision		
	Amount	%	Amount	%	
Bad debt provision on individual basis	24,816,580.94	29.76	24,816,580.94	100.00	-
Bad debt provision on group	58,576,298.21	70.24	12,827,882.15	21.90	45,748,416.06
Including: aging as characteristics of credit risk	58,576,298.21	70.24	12,827,882.15	21.90	45,748,416.06
Total	83,392,879.15	100.00	37,644,463.09	45.14	45,748,416.06

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
Transfer of debt receivables	20,132,963.79	20,132,963.79	20,132,963.79	20,132,963.79	100.00	Recovery is not expected
Dalian Shengda Construction Engineering Co., Ltd	3,878,617.15	3,878,617.15	3,878,617.15	3,878,617.15	100.00	Recovery is not expected
QINGDAO FREE TRADE PORT ZONE	500,000.00	500,000.00	500,000.00	500,000.00	100.00	applied for enforcement and is not expected to be recovered in full

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Name	Opening balance		Closing Balance			Reason
	Accounts receivable	Provision for bad debts	Accounts receivable	Provision for bad debts	Proportion (%)	
INTERNATIONAL COLD CHAIN LOGISTICS TRADE CENTER CO.,LTD.						
Mudanjiang Zhongnongpi Cold Chain Logistics Co., Ltd	300,000.00	300,000.00	300,000.00	300,000.00	100.00	Preserved in litigation and not expected to be recovered
Chengdu Dading Century Plaza Hotel Co., Ltd.	-	-	15,000.00	15,000.00	100.00	
Chen xiujuan	2,000.00	2,000.00	-	-	100.00	Recovery is not expected
Chen yanhao	1,600.00	1,600.00	-	-	100.00	Recovery is not expected
Zheng Jinlian	1,400.00	1,400.00	-	-	100.00	Recovery is not expected
Total	24,816,580.94	24,816,580.94	24,826,580.94	24,826,580.94	—	—

2) Bad debt provisions on group basis

Aging	Closing Balance		
	Accounts receivable	Provision for bad debts	Drawing proportion (%)
Within 1 year	30,327,292.96	1,098,987.67	3.62
1 to 2 years	6,040,785.10	524,166.76	8.68
2 to 3 years	2,116,369.26	156,614.25	7.40
3 to 4 years	3,182,916.80	635,595.43	19.97
4 to 5 years	4,491,683.53	2,190,597.03	48.77
Over 5 years	9,744,989.45	8,265,209.56	84.81
Total	55,904,037.10	12,871,170.70	—

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3) The bad debt provision of other receivables

	1 st stage	2 nd stage	3 rd stage	Total
Bad debt provision	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	1,978,205.87	-	35,666,257.22	37,644,463.09
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		-	876,253.54	876,253.54
Reverse	459,415.90	-	358,549.09	817,964.99
Cancelation	-	-	-	-
Written off	-	-	5,000.00	5,000.00
Other movement	-	-	-	-
Closing balance	1,518,789.97	-	36,178,961.67	37,697,751.64

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(4) Provision for bad debt

Category	Opening balance	Change during the year				Closing Balance
		Accrued	Collected/ reversed	Written-off	Others	
Bad debt provision	37,644,463.09	876,253.54	817,964.99	5,000.00	-	37,697,751.64
Total	37,644,463.09	876,253.54	817,964.99	5,000.00	-	37,697,751.64

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

Item	Amount to be written off
Other receivables written off actually	5,000.00

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

Name	Category	Closing Balance	Aging	% of total	Closing Balance of Provision
Wuhan Xinluhe Economic and Trade Co., Ltd.	Rent	7,302,220.59	Within 1 year	9.05	267,261.27
Dalian Shahekou District Tax Bureau, State Taxation Administration	Export Tax Rebate	6,201,672.77	Within 1 year	7.68	226,981.22
Hangzhou Zhonghong New Energy Technology Co., Ltd	Deposit	2,476,894.20	4-5years	3.07	1,719,212.26
Moyu County Bureau of Agriculture	Deposit	2,049,000.00	Over 5 years	2.54	2,049,000.00
Dalian Detai Ganghua Gas Co., Ltd.	Deposit	1,613,841.02	Within 1 year 1-2years Over 5 years	2.00	107,236.58
Total	—	19,643,628.58	—	24.34	4,369,691.33

7. Prepayments

(1) Aging of prepayments

Items	Closing Balance		Opening Balance	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	130,263,633.64	83.53	140,193,253.25	85.46

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Items	Closing Balance		Opening Balance	
	Amount	Percentage (%)	Amount	Percentage (%)
1 to 2 years	17,677,825.17	11.34	15,625,104.20	9.53
2 to 3 years	3,468,541.58	2.22	3,927,719.36	2.39
Over 3 years	4,545,568.67	2.91	4,296,563.25	2.62
Total	155,955,569.06	100.00	164,042,640.06	100.00

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

The sum of top 5 of prepayment is 63,017,743.00Yuan, represents 40.41% of closing balance of prepayment.

8. Inventories

(1) Categories of inventories

Item	Closing Balance		
	Book value	Provision for decline	Net book value
Cost to fulfill the contract	521,572,675.61	9,498,861.27	512,073,814.34
Finished goods	503,019,831.34	32,128,363.66	470,891,467.68
Raw materials	249,299,190.00	31,547,632.17	217,751,557.83
Working in progress	195,106,532.38	33,352,936.35	161,753,596.03
Self-manufactured semi-finished products	48,763,726.74	-	48,763,726.74
Goods on transit	23,330,604.92	351,397.26	22,979,207.66
Materials on consignment for further processing	1,195,295.12	-	1,195,295.12
Low-value consumable	183,600.81	-	183,600.81
Total	1,542,471,456.92	106,879,190.71	1,435,592,266.21

(Continued)

Item	Opening Balance		
	Book value	Provision for decline	Net book value
Cost to fulfill the contract	544,464,520.45	12,895,734.89	531,568,785.56
Merchandise Inventory	453,823,794.09	41,658,999.95	412,164,794.14
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
Self-manufactured semi-finished products	52,174,151.33	-	52,174,151.33

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Item	Opening Balance		
	Book value	Provision for decline	Net book value
Goods Issued	11,060,053.54	-	11,060,053.54
Materials on Consignment for Processing	2,674,187.81	-	2,674,187.81
Low-value Consumables	213,692.47	-	213,692.47
Total	1,501,500,655.81	107,846,867.00	1,393,653,788.81

(2) Provision for decline in the value of inventories and contract fulfillment costs

Item	Opening Balance	Increase		Decrease		Closing Balance
		Accrual	Others transferred	Reverse/ Written-off	Others transferred	
Raw materials	33,708,343.75	1,516,311.47	-	3,677,023.05	-	31,547,632.17
WIP	19,583,788.41	12,261,501.83	15,064,649.38	13,557,003.27	-	33,352,936.35
Finished goods	41,658,999.95	9,477,287.51	-	19,007,923.80	-	32,128,363.66
Cost to fulfill the contract	12,895,734.89	-	-	3,396,873.62	-	9,498,861.27
Goods Issued	-	351,397.26	-	-	-	351,397.26
Total	107,846,867.00	23,606,498.07	15,064,649.38	39,638,823.74	-	106,879,190.71

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 asset due within one year

Item	Closing Balance	Opening Balance
Long term receivable due within 1 year	359,632.86	57,550.43
Total	359,632.86	57,550.43

10. Other current assets

Item	Closing Balance	Opening Balance
Input VAT deductible	29,743,674.42	23,990,929.71

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Prepaid VAT	3,213,956.72	139,723.58
Prepaid income tax	1,898,839.02	2,123,365.65
Contract acquisition costs	28,301.88	1,267,914.24
Deferred expenses	14,604.88	114,445.28
Total	34,899,376.92	27,636,378.46

11. Long term receivable

(1) Details

Item	Closing Balance			Discounted rate
	Carrying amount	Provision	Book value	
Goods sold on installment receivables	1,886,800.00	118,946.72	1,767,853.28	-
---Unrealized financing income	-192,402.25	-	-192,402.25	3.5%-4.35%
Reclassified to current portion of long-term receivables	386,785.18	27,152.32	359,632.86	-
Total	1,307,612.57	91,794.40	1,215,818.17	-

(continue)

Item	Beginning Balance			Discounted rate
	Carrying amount	Provision	Book value	
Goods sold on installment receivables	230,150.00	10,571.36	219,578.64	-
---Unrealized financing income	-22,010.37	-	-22,010.37	4.35%
Reclassified to current portion of long-term receivables	57,550.43	-	57,550.43	-
Total	150,589.20	10,571.36	140,017.84	-

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

Items	Closing Balance				Booking value
	Booking balance		Provision		
	Amount	%	Amount	%	
Bad debt provision on group	1,307,612.57	100	91,794.40	7.02	1,215,818.17

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Items	Closing Balance				Booking value
	Booking balance		Provision		
	Amount	%	Amount	%	
Including: portfolios with aging as the credit risk characteristic	1,694,397.75	100	118,946.72	7.02	1,575,451.03
Reclassified to long-term receivables due within one year	386,785.18	-	27,152.32	7.02	359,632.86
Total	1,307,612.57	100	91,794.40	7.02	1,215,818.17

Items	Beginning Balance				Booking value
	Booking balance		Provision		
	Amount	%	Amount	%	
Bad debt provision on group	150,589.20	100	10,571.36	7.02	140,017.84
Including: portfolios with aging as the credit risk characteristic	208,139.63	100	10,571.36	7.02	197,568.27
Reclassified to long-term receivables due within one year	57,550.43	-	-	-	57,550.43
Total	150,589.20	100	10,571.36	7.02	140,017.84

(3) Provision for bad debts on long-term receivables by group

Items	Closing Balance		
	Booking balance	Provision	%
Within one year	1,307,612.57	91,794.40	7.02
Total	1,307,612.57	91,794.40	—

1) 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	—	—	—	—

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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)	
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	81,223.04	-	-	81,223.04
Reverse	-	-	-	-
Cancelation	-	-	-	-
Written off	-	-	-	-
Other movement	-	-	-	-
Closing balance	91,794.40	-	-	91,794.40

(4) 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	81,223.04	-	-	-	91,794.40
Total	10,571.36	81,223.04	-	-	-	91,794.40

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12. Long-term equity investments

Investee	Beginning balance	Increased	Decreased	Gains and losses recognized under the equity method	Increase/Decrease					Ending balance	Provision for impairment	
					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			460,296.90							10,709,370.90	
Keihin-Grand Ocean Thermal Technology (Dalian) Co., Ltd.	53,322,286.73			-3,708,228.87							49,614,057.86	
Dalian Fuji Bingshan Vending Machine Co., Ltd.	67,096,098.78			23,465.56							67,119,564.34	
MHI Bingshan Refrigeration (Dalian) Co., Ltd.	16,746,474.97			306,576.57							17,053,051.54	
Dalian Fuji Bingshan Vending Machine Sales Co., Ltd	-											
Jiangsu Jingxue Insulation Technology Co., Ltd (N4)	145,535,400.55			***							***	
Dalian Bingshan Metal Technology Co., Ltd.	135,904,723.22			31,050,455.59							138,895,377.85	
Dalian Bingshan Group Huahuida Financial Leasing Co., Ltd	46,632,671.24			***							***	
Wuhan Sikafu Power Control Equipment Co., Ltd	6,486,685.87			322,459.13							6,809,145.00	

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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
Indonesia PT BINGSHAN MAKMUR INDONESIA		1,800,000.00		31,853.68						1,831,853.68	
Total	481,973,415.36	1,800,000.00		31,082,949.20					31,827,446.25	483,028,918.31	

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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	22,647,581.31	-	22,647,581.31
(1) Purchased externally	-	-	-
(2) Transferred from inventory / fixed assets / construction in progress	22,647,581.31	-	22,647,581.31
3. decrease	14,181,496.72	-	14,181,496.72
(1) disposal	-	-	-
(2) others	14,181,496.72	-	14,181,496.72
4. closing balance	254,728,632.83	26,094,438.38	280,823,071.21
II. Accumulated depreciation	—	—	—
1. opening balance	140,552,896.05	13,872,370.33	154,425,266.38
2. addition	6,416,908.25	521,888.76	6,938,797.01
(1) accrued/amortization	6,090,935.17	521,888.76	6,612,823.93
(2) Transferred from inventory / fixed assets / construction in progress	325,973.08	-	325,973.08
3. decrease	1,891,180.65	-	1,891,180.65
(1) disposal	-	-	-
(2) others	1,891,180.65	-	1,891,180.65
4. closing balance	145,078,623.65	14,394,259.09	159,472,882.74
III. Impairment reserve	—	—	—
1. opening balance	-	-	-

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Item	Property & building	Land-use-rights	Total
2. addition	-	-	-
3. decrease	-	-	-
4. closing balance	-	-	-
IV. Book value	—	—	—
1. Closing book value	109,650,009.18	11,700,179.29	121,350,188.47
2. Opening book value	105,709,652.19	12,222,068.05	117,931,720.24

(2) Investment property without ownership certificate: none.

15. Fixed assets

Items	Closing Book Value	Opening Book Value
Fixed asset	1,258,712,033.63	1,211,794,069.63
Fixed asset disposal	-	-
Total	1,258,712,033.63	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	114,650,961.79	57,365,826.11	1,183,143.01	9,519,060.83	182,718,991.74
(1) Purchase	78,603,537.68	10,212,160.51	534,221.78	5,385,359.45	94,735,279.42
(2) Transferred from construction-in-progress	21,865,927.39	47,153,665.60	648,921.23	4,133,701.38	73,802,215.60
(3) Transferred from investment	14,181,496.72	-	-	-	14,181,496.72
3. Decrease	1,692,802.55	22,952,350.15	2,007,835.01	10,148,847.47	36,801,835.18
(1) Disposal	419,331.99	22,952,350.15	2,007,835.01	10,148,847.47	35,528,364.62
(2) transferred to investment property	1,273,470.56	-	-	-	1,273,470.56
4. Closing balance	1,105,295,981.50	1,799,347,797.49	22,630,972.81	240,257,639.95	3,167,532,391.75
II. Accumulated					

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Item	Property & buildings	Machinery equipment	Transportation equipment	Other equipment	Total
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	31,301,792.38	85,625,554.96	1,348,519.13	14,470,713.22	132,746,579.69
(1) Accrued	29,410,611.73	85,625,554.96	1,348,519.13	14,470,713.22	130,855,399.04
(2) Investment	1,891,180.65	-	-	-	1,891,180.65
3. Decrease	335,991.24	21,187,981.80	1,788,503.84	9,658,535.62	32,971,012.50
(1) Disposal	10,018.16	21,187,981.80	1,788,503.84	9,658,535.62	32,645,039.42
(2) transferred to investment	325,973.08	-	-	-	325,973.08
4. Closing balance	403,059,216.58	1,311,700,443.24	16,474,073.26	167,473,827.86	1,898,707,560.94
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	-	-	-	-	-
3. Decrease	12,078.54	624,920.07	-	139,376.02	776,374.63
(1) Disposal	12,078.54	624,920.07	-	139,376.02	776,374.63
4. Closing balance	1,113,828.33	6,211,608.15	286,519.26	2,500,841.44	10,112,797.18
IV. Book value					
1. Closing book value	701,122,936.59	481,435,746.10	5,870,380.29	70,282,970.65	1,258,712,033.63
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
Buildings and structures	92,683,534.49	The self-constructed houses of Songyang Compressor, a subsidiary of the Company, have obtained the relevant certificates for the land use rights they occupy in 2025. The processing procedures for the relevant house property ownership certificates have been initiated but not yet completed.
Buildings and structures	26,255,812.26	The Company acquired real estate at the end of the year, for which the property ownership certificates have not yet been completed.

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Lithium Bromide Laboratory	5,372,235.00	Owing to a change in land use purpose, Songyang Refrigeration, a subsidiary of the Company, is unable to process property ownership certificates.
JAL Apartment	1,713,976.20	Due to incomplete formalities, Bingshan Air Conditioning, a subsidiary of the Company, is unable to obtain property ownership certificates.

16. Construction-in-progress

Item	Closing book value	Opening book value
Construction-in-progress	15,669,392.61	86,221,660.80
Construction materials	-	-
Total	15,669,392.61	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	-	-	-	29,766,943.79	-	29,766,943.79
Improvement of machinery	11,030,187.67	-	11,030,187.67	69,390,477.81	15,064,649.38	54,325,828.43
Software of intelligent manufacture	4,639,204.94	-	4,639,204.94	2,128,888.58	-	2,128,888.58
Total	15,669,392.61		15,669,392.61	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	
Renovation of buildings and ancillary facilities	26,825,229.07	14,612,780.26	18,129,877.56	23,308,131.77	-
Installation and renovation of machine tools and machinery	50,382,135.57	34,281,159.43	47,758,839.03	26,098,753.48	10,805,702.49
Total	77,207,364.64	48,893,939.69	65,888,716.59	49,406,885.25	10,805,702.49

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(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
Renovation of buildings and ancillary facilities	18,129,877.56	100.00	100.00	-	-	-	Self-financing
Installation and renovation of machine tools and machinery	11,451,116.60	96.32%	96.32%	-	-	-	Self-financing
Total	29,580,994.16	—	—	—	—	—	—

(3) Impairment provision

Item	Opening balance	Increase	Decrease	Closing balance	Reason
Buildings & Machine tools	15,064,649.38	—	15,064,649.38	—	—
Total	15,064,649.38	—	15,064,649.38	—	—

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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	1,343,940.55	-	138,314.79	-	5,002,740.91	-	6,484,996.25
(1) lease in	1,343,940.55	-	138,314.79	-	5,002,740.91	-	6,484,996.25
3. Decrease	13,341,013.99	1,500,407.13	172,876.63	-	-	-	15,014,297.75
(1) Disposal	13,341,013.99	-	-	-	-	-	13,341,013.99
(2) Transferred to fixed assets		1,500,407.13	172,876.63	-	-	-	1,673,283.76
4. Closing balance	4,948,117.80	-	138,314.79	802,669.27	17,862,985.32	350,368.74	24,102,455.92
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	2,595,727.12	385,667.82	88,513.36	160,533.84	738,369.16	75,078.96	4,043,890.26
(1) Accrued	2,595,727.12	385,667.82	88,513.36	160,533.84	738,369.16	75,078.96	4,043,890.26
3. Decrease	5,204,974.23	1,356,471.64	172,876.72	-	-	-	6,734,322.59
(1) Disposal	5,204,974.23	-	-	-	-	-	5,204,974.23
(2) Transferred to fixed	-	1,356,471.64	172,876.72	-	-	-	1,529,348.36

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Item	Property/ buildings	Machinery	Transportation equipment	Electronic equipment	Land use right	Software	Total
assets							
4. Closing balance	3,138,925.92	-	5,532.55	334,445.50	3,024,813.64	118,875.02	6,622,592.63
III. Impairment reserve							
1. Opening balance	-	-	-	-	-	-	-
2. Increase	-	-	-	-	-	-	-
3. Decrease	-	-	-	-	-	-	-
4. Closing balance	-	-	-	-	-	-	-
IV. Book value							
1. Closing book value	1,809,191.88	-	132,782.24	468,223.77	14,838,171.68	231,493.72	17,479,863.29
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

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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	63,038,016.83	-	-	2,049,323.14	65,087,339.97
(1) Purchase	63,038,016.83	-	-	716,029.24	63,754,046.07
(2) Transferred from construction-in-progress	-	-	-	1,333,293.90	1,333,293.90
(3) increase via merge	-	-	-	-	-
3. Decrease	-	-	-	11,421,757.56	11,421,757.56
(1) Disposal	-	-	-	11,421,757.56	11,421,757.56
4. Closing balance	303,943,754.23	17,630,188.82	5,773,680.00	71,290,932.47	398,638,555.52
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	6,274,078.29	1,429,516.20	499,968.00	7,788,993.04	15,992,555.53
(1) Accrued	6,274,078.29	1,429,516.20	499,968.00	7,788,993.04	15,992,555.53
3. Decrease	-	-	-	10,335,632.22	10,335,632.22
(1) Disposal	-	-	-	10,335,632.22	10,335,632.22
4. Closing balance	84,162,553.69	13,329,220.65	5,773,680.00	43,353,384.72	146,618,839.06
III. Impairment provision					
1. Opening balance	-	-	-	11,981.17	11,981.17
2. Increase	-	-	-	-	-
(1) Accrued	-	-	-	-	-
3. Decrease	-	-	-	-	-
(1) Disposal	-	-	-	-	-
4. Closing balance	-	-	-	11,981.17	11,981.17
IV. Book value					
1. Closing book value	219,781,200.54	4,300,968.17	-	27,925,566.58	252,007,735.29
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

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(1) Original cost of goodwill

Name	Opening Balance	Increased	Decreased	Closing Balance
Sonyo Compressor (Dalian)Co.,Ltd	240,922,872.80	-	-	240,922,872.80
Sonyo Refrigeration (Dalian) Co., Ltd.	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 (Former name: Dalian Sanyo High-efficient Refrigeration System 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 Bingshan Baoan Leisure Industry Co., Ltd on June 30th, 2016. Negotiated with Dalian Bingshan Baoan Leisure Industry Co., Ltd's shareholder Baoan Water Project (China) Limited Company, the transfer price is the combination cost on the purchasing date which is 5,359,548.42 Yuan, the fair value of proportion of Dalian Bingshan Baoan Leisure Industry Company's identifiable net asset is 5,049,096.85 Yuan on the purchasing day, therefore, goodwill is 310,451.57 Yuan on the purchasing date. Dalian Bingshan Group 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 1,548,580,000 Yuan in

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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 (2.81%-7.05%), discount rate(10.51%-12.64%) 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.

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20. Long-term unamortized expense

Item	Opening Balance	Increase	Amortization	Other Decrease	Closing balance
Greenland of new factory	2,155,945.54	-	892,115.52	-	1,263,830.02
Employee's dormitory use right	1,319,778.75	-	138,478.35	-	1,181,300.40
Membership fee for golf	357,500.00	-	16,500.00	-	341,000.00
Renovation and rebuilding	1,734,482.95	-	428,019.93	-	1,306,463.02
Amortization of instruments	111,479.45	-	65,284.78	-	46,194.67
Software maintenance	40,416.57	287,064.01	72,528.91	-	254,951.67
Major repair expenditure of fixed assets	-	1,912,884.43	270,352.73	-	1,642,531.70
Total	5,719,603.26	2,199,948.44	1,883,280.22	-	6,036,271.48

21. Deferred tax assets and deferred tax liabilities

(1) Deferred tax assets without offsetting

Item	Closing balance	
	Deductible temporary difference	Deferred tax assets
Provision for credit impairment	482,046,079.42	85,510,657.91
Provision for impairment of assets	125,545,107.70	18,940,837.38
FA depreciation	67,744,518.27	10,161,677.74
Unrealized revenue	15,884,175.46	3,971,043.86
Accrued sales rebates	24,531,204.35	3,679,680.65
Government grant	22,104,227.00	3,315,634.05
Unrealized profit from intra-group transactions	13,034,503.47	1,955,175.52
Lease liability	8,577,510.50	1,409,588.02
Accrued expenses	6,622,174.17	993,326.13
Provisions	2,300,208.22	378,141.28
Safety cost	1,988,616.80	298,292.52
Others	8,809,354.66	1,321,403.20
Total	779,187,680.02	131,935,458.26

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Item	Beginning balance	
	Deductible temporary difference	Deferred tax assets
Provision for credit impairment	435,919,173.38	75,919,841.22
Provision for impairment of assets	134,581,459.34	20,319,705.43
FA depreciation	54,071,935.80	8,110,790.37
Accrued sales rebates	16,775,734.14	2,516,360.12
Unrealized profit from intra-group transactions	13,034,503.47	1,955,175.52
Unrealized revenue	12,912,057.50	3,228,014.38
Government grant	12,244,929.32	1,836,739.40
Lease liability	9,109,228.24	1,470,613.49
Accrued expenses	7,223,987.87	1,083,598.18
Provisions	2,301,229.56	378,294.47
Others	1,460,577.94	219,086.69
Total	699,634,816.56	117,038,219.27

(2) Deferred tax liabilities without offsetting

Item	Closing balance	
	Taxable temporary difference	Deferred tax liabilities
Revaluation increase in business combination asst not under same control	191,185,027.14	28,677,754.07
FA depreciation	36,122,663.18	5,418,399.49
Use right of asset	7,014,886.01	1,172,551.35
Total	234,322,576.33	35,268,704.91

(Continue)

Item	Opening balance	
	Taxable temporary difference	Deferred tax liabilities
Revaluation increase in business combination asst not under same control	216,909,045.47	32,536,356.82
FA depreciation	40,073,339.62	6,011,000.94
Use right of asset	8,262,320.31	1,339,915.36
Total	265,244,705.40	39,887,273.12

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(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	6,590,950.84	125,344,507.42	13,285,391.56	103,752,827.71
Deferred tax liabilities	6,590,950.84	28,677,754.07	13,285,391.56	26,601,881.56

(4) Unrecognized deferred tax assets details

Item	Closing balance	Opening balance
Deductible temporary difference	172,621,148.01	77,793,766.46
Deductible loss	558,446,860.19	518,523,346.16
Total	731,068,008.20	596,317,112.62

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

Year	Closing balance	Opening balance	Notes
2025	-	9,324,721.56	-
2026	53,191,704.76	54,629,003.37	-
2027	59,632,432.63	65,263,403.90	-
2028	45,912,286.80	55,941,615.57	-
2029	19,343,941.93	37,412,135.40	-
2030	45,422,360.64	8,559,346.09	-
2031	72,081,580.29	99,102,467.44	-
2032	20,027,310.15	20,100,936.15	-
2033	117,597,741.11	117,623,814.71	-
2034	9,895,002.62	50,565,901.97	-
2035	115,342,499.26	-	-
Total	558,446,860.19	518,523,346.16	-

22. Other non-current asset

Category	Closing Balance			Opening balance		
	Book value	Provision	Carrying amount	Book value	Provision	Carrying amount

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Category	Closing Balance			Opening balance		
	Book value	Provision	Carrying amount	Book value	Provision	Carrying amount
Debt offset housing	19,428,587.00	1,455,755.51	17,972,831.49	21,770,721.00	1,609,486.12	20,161,234.88
Prepayments for equipment	1,067,593.86	-	1,067,593.86			
Total	20,496,180.86	1,455,755.51	19,040,425.35	21,770,721.00	1,609,486.12	20,161,234.88

23. Assets with restricted ownership or use rights

Item	At the year end			
	Book value	Carrying amount	Type	Restriction
Monetary fund	59,004,453.72	59,004,453.72	Frozen	Guarantee deposit/ frozen bank account
Notes receivable			Pledged	Pledged
Financing of receivable	2,720,000.00	2,720,000.00	Pledged	Pledged
FA	89,706,820.32	56,697,340.72	Mortgage	Mortgage
Intangible asset	8,266,573.44	5,091,198.31	Mortgage	Mortgage
Investment property	38,955,728.90	30,395,181.55	Mortgage	Mortgage
Total	198,653,576.38	153,908,174.30		

(continued)

Item	At the beginning of the year			
	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
Financing of receivable	129,115,879.46	129,115,879.46	Pledged	Pledged
FA	89,706,820.32	58,150,963.78	Mortgage	Mortgage
Intangible asset	8,266,573.44	5,120,297.71	Mortgage	Mortgage
Investment property	38,955,728.90	31,214,402.83	Mortgage	Mortgage
Total	314,758,067.11	272,314,608.77		

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24. Short-term borrowing

(1) Category of short-term borrowing

Loan category	Closing balance	Opening balance
Credit loan	176,711,185.21	149,334,095.56
Factoring loan	19,276,014.68	15,271,202.33
Mortgage loan	3,000,000.00	2,000,000.00
Bill discounting loan	2,849,265.00	678,109.37
Total	201,836,464.89	167,283,407.26

25. Notes payable

Notes Category	Closing balance	Opening balance
Bank acceptance notes	665,364,289.18	569,117,426.19
Total	665,364,289.18	569,117,426.19

26. Accounts payable

Item	Closing balance	Opening balance
Material payments	955,939,453.01	860,628,492.89
Project payments	659,245,594.97	696,387,654.58
Equipment payments	36,132,610.35	38,362,719.82
Others	5,495,223.24	6,002,923.51
Total	1,656,812,881.57	1,601,381,790.80

27. Other accounts payable

Item	Closing balance	Opening balance
Dividend payable	533,156.00	533,156.00
Other accounts payable	240,934,956.55	226,828,051.96
Total	241,468,112.55	227,361,207.96

27.1 Dividend payable

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

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27.2 Other accounts payable

(1) Other payables categorized by payments nature

Payments nature	Closing balance	Opening balance
Supply chain platform	176,455,533.29	138,427,047.31
Reimbursed but unpaid amounts	17,773,445.30	17,093,300.41
Deposits and margins	15,516,100.96	17,352,388.67
Agency and operating fees	2,959,421.97	6,811,472.88
Maintenance fees	1,684,332.73	3,173,010.34
Current accounts	737,505.99	13,486,275.11
Trademark and technology usage fees	162,319.48	2,403,064.87
Others	25,646,296.83	28,081,492.37
Total	240,934,956.55	226,828,051.96

28. Contract liability

(1) Contract liability

Item	Closing balance	Opening balance
Received in advance due from unrealized revenue	525,086,822.72	645,711,808.53
Total	525,086,822.72	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	640,211,596.93	662,276,884.00	124,472,311.78
Post-employment benefit –defined contribution plan	197,097.17	74,624,312.19	74,804,529.02	16,880.34
Termination benefits	-	4,513,028.93	4,398,003.93	115,025.00
Total	146,734,696.02	719,348,938.05	741,479,416.95	124,604,217.12

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(2) Short-term employee's payables

Item	Opening balance	Increase	Decrease	Closing balance
Salaries, bonus, allowance, and subsidy	134,604,912.37	496,584,524.17	518,440,842.23	112,748,594.31
Welfare	-	30,081,689.29	29,942,821.39	138,867.90
Social insurance	121,879.20	46,600,450.63	46,711,894.72	10,435.11
Include: Medical insurance	98,556.21	38,091,644.18	38,180,174.50	10,025.89
Supplemental insurance	-	74,606.26	74,606.26	-
On-duty injury insurance	12,696.16	4,606,154.80	4,618,441.74	409.22
Maternity insurance	10,626.83	3,828,045.39	3,838,672.22	-
Housing funds	82,173.00	52,497,912.52	52,579,140.76	944.76
Labor union and training expenses	3,619,427.60	10,935,681.02	11,026,400.68	3,528,707.94
Reward bonus and welfare fund	8,109,206.68		64,444.92	8,044,761.76
Others	-	3,511,339.30	3,511,339.30	-
Total	146,537,598.85	640,211,596.93	662,276,884.00	124,472,311.78

(3) Defined contribution plan

Item	Opening balance	Increase	Decrease	Closing balance
Pension	191,119.00	72,313,195.89	72,487,946.09	16,368.80
Unemployment insurance	5,978.17	2,311,116.30	2,316,582.93	511.54
Total	197,097.17	74,624,312.19	74,804,529.02	16,880.34

30. Tax payable

Item	Closing balance	Opening balance
Enterprise income tax	9,764,102.09	15,275,100.75
Value-added tax	3,651,564.87	8,385,659.83
Real estate tax	2,987,873.81	2,658,712.33
Land use tax	1,343,645.06	1,313,359.14

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Item	Closing balance	Opening balance
City maintenance and construction tax	360,440.97	833,824.30
Stamp duty	772,391.45	711,220.14
Education surcharge	257,457.83	595,588.79
Individual income tax	577,158.49	501,446.30
River toll fee	1,836.04	1,669.18
Total	19,716,470.61	30,276,580.76

31. Non-current liabilities due within one year

Item	Closing balance	Opening balance
Long-term borrowings due within one year	219,320,544.93	139,783,355.56
Long-term payable due within one year	14,883,189.60	15,006,026.71
Lease obligation due within one year	3,177,021.87	6,631,690.45
Total	237,380,756.40	161,421,072.72

32. Other current liabilities

Item	Closing balance	Opening balance
Notes payable endorsed not derecognized	144,625,703.20	145,160,311.19
Output Vat to be carried forward	39,373,636.22	45,849,215.48
Total	183,999,339.42	191,009,526.67

33. Long-term borrowing

(1) Category of long-term borrowing

Category	Closing Balance	Opening Balance
Pledged loan	333,902,223.70	501,031,874.58
Credit loans	34,426,021.48	-
Mortgage loan	-	6,300,000.00
Guarantee loan	-	40,014,666.67
Total	368,328,245.18	547,346,541.25

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

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2.75% borrowing rate. 50% shareholdings of Sonyo Compressor (Dalian)Co.,Ltd and 37.5% shareholdings of Sonyo Refrigeration System (Dalian) Co., Ltd. were pledged. Dalian Branch of Bank of Communications Co.,Ltd will complete the guarantee in February 2023. In 2026, 100 million Yuan loan is planned to pay back to Construction bank and 54 million Yuan loan to Communications bank.

Note 2:Pledged loans include an additional M&A loan of RMB 87.00 million from ICBC in 2023, used to pay the consideration for the acquisition of equity interests in Songyang Refrigeration held by Sanyo Electric and Panasonic China. The loan has a term of 7 years at an interest rate of 2.75%. As of December 31, 2025, the outstanding balance was RMB 66.00 million, and RMB 13.00 million is scheduled to be repaid in 2026.

Note 3: In year 2016, the Development Fund from China Development Bank gave support to the Company's intelligent and green equipment of cold chain and service industry base project and provided special fund to the Company's holding shareholder, Bingshan Group. The fund is 160 million Yuan with 10 year's expiration at 1.2% rate. Once the fund arrived, Bingshan Group gave it to the Company at the same rate of 1.2% in lump sum. The above fund needed to be warranted by the Company. The guarantee seems to be given for the holding shareholder, but it is for the Company itself in fact. Up to December 31, 2025, the closing balance is 40 million Yuan and will be repaid 40 million Yuan in 2026.

Note 4: Credit loans include a new fixed asset loan of RMB 38.40 million from China Construction Bank, used for the purchase of part of idle factory buildings, supporting structures, machinery and electronic equipment of Bingshan Sonyo Cold Chain (Dalian) Co., Ltd. The loan term is 5 years at an interest rate of 2.51%. As of December 31, 2025, the outstanding balance was RMB 38.40 million, and RMB 4.00 million is scheduled to be repaid in 2026.

34. Lease obligation

(1) Details of lease obligation

Category	Closing balance	Opening balance
Lease payment	37,530,642.51	44,764,698.58
Less: unrecognized finance expense	17,790,446.86	19,061,162.35
Non-current liability due within 1 year	3,177,021.87	6,631,690.45
Net lease liability	16,563,173.78	19,071,845.78

35. Long term accounts payable

Item	Closing Balance	Opening Balance
Long term accounts payable	18,845,786.63	12,451,396.59

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Total	18,845,786.63	12,451,396.59
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35.1 Category by nature

Nature	Closing Balance	Opening Balance
Financial lease borrowings	18,845,786.63	12,451,396.59
Total	18,845,786.63	12,451,396.59

36. Provision

Nature	Closing Balance	Opening Balance	Reason
Warranty	2,300,208.22	2,301,229.53	—
Others	-	402,140.00	—
Total	2,300,208.22	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	12,734,535.29	10,674,882.85	92,793,132.73
Total	90,733,480.29	12,734,535.29	10,674,882.85	92,793,132.73

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(2) Government subsidy

Government subsidy item	Opening Balance	Increase	To non-operating income	To other income	The value offset cost and expense this year	Others	Closing Balance	Related with asset/ income
Application of NH3 and CO2 instead of R22 screw refrigerating machine combined condensing unit	16,645,034.14	-	-	4,269,304.80	-	-	12,375,729.34	Asset Related
Compressor IC system	2,432,051.11	-	-	366,455.43	-	-	2,065,595.68	Asset related
Ultrasonic intelligent defrost technology	2,064,204.22	-	-	384,824.37	-	-	1,679,379.85	Asset related
R290 replacement of R22 large industrial screw unit	15,034,662.96	6,967,855.00	-	1,438,549.17	-	-	20,563,968.79	Asset related
R290 replacement of R22 industrial double stage screw unit	5,313,207.00	2,543,400.00	-	1,003,445.79	-	-	6,853,161.21	Asset related
Ultrasonic defrost sample project	112,500.00	-	-	30,000.00	-	-	82,500.00	Asset related
Contribution to subsidiary company relocation	35,648,000.00	-	-	1,114,000.00	-	-	34,534,000.00	Asset related

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Government subsidy item	Opening Balance	Increase	To non-operating income	To other income	The value offset cost and expense this year	Others	Closing Balance	Related with asset/ income
Projects Supported by Central Government Awards and Subsidies for City Pilot Programs of New-Type Technological Transformation in Manufacturing Industry	-	2,311,500.00	-	140,296.34	-	-	2,171,203.66	Asset related
Eco Compressor project	12,313,920.86	-	-	1,928,006.95	-	-	10,385,913.91	Asset / Income related
Meat storage technology and equipment	1,169,900.00	130,100.00	-	-	-	-	1,300,000.00	Asset / Income related
Additional Deduction of Input VAT	-	781,680.29	-	-	-	-	781,680.29	Income related
Total	90,733,480.29	12,734,535.29	-	10,674,882.85	—	—	92,793,132.73	—

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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

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40. Other comprehensive income

Items	Opening Balance	Current year					Closing Balance
		Amount for the period before income tax	Less: Previously recognized in profit or loss into other comprehensive income	Less: income tax	After-tax attribute to the parent company	After-tax attribute to minority shareholder	
I. Later can't reclassified into profit and loss of other comprehensive income	-	-	-	-	-	-	-
II. Later reclassified into profit and loss of other comprehensive income	2,208,669.73	-	-	-	-	-	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

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41. Special reserve

Item	Opening Balance	Increase	Decrease	Closing Balance
Manufacturing safety	-	15,636,443.56	13,647,826.76	1,988,616.80
Total	-	15,636,443.56	13,647,826.76	1,988,616.80

42. Surplus reserves

Item	Opening Balance	Increase	Decrease	Closing Balance
Statutory surplus reserve	381,004,768.39	12,371,796.37	-	393,376,564.76
Discretionary surplus reserve	514,613,745.30	15,212,024.95	-	529,825,770.25
Total	895,618,513.69	27,583,821.32	-	923,202,335.01

Note: The Company made profit distribution during the reporting period. According to the resolution of the 2024 annual General meeting of shareholders, the discretionary surplus reserve of RMB15,212,024.95 will be appropriated based on 20% of the net profit of the statutory financial report for FY2024; Statutory surplus reserve of 12,371,796.37 Yuan shall be appropriated based on 10% of the net profit of the parent company this year.

43. Undistributed profits

Item	Current year	Last year
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	-	-
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	62,038,793.70	110,335,139.06
Less: Provision for statutory surplus reserves	12,371,796.37	7,606,012.47
Provision for discretionary surplus reserves	15,212,024.95	20,853,061.88
Dividends payable for common shares	42,160,625.35	25,296,375.21
Closing balance of current year	666,260,524.87	673,966,177.84

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44. Operating revenue and cost

(1) Details

Items	Current year		Last year	
	Sales revenue	Cost of sales	Sales revenue	Cost of sales
Revenue from principle operation	4,326,967,344.65	3,625,212,101.98	4,435,315,179.34	3,715,591,847.99
Revenue from other operation	71,127,044.41	31,533,234.15	95,832,029.64	48,216,368.20
Total	4,398,094,389.06	3,656,745,336.13	4,531,147,208.98	3,763,808,216.19

(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						
Manufacture products	3,154,267,533.55	2,568,059,923.76	145,334,463.79	99,168,542.62	3,299,601,997.34	2,667,228,466.38
Project installation	964,048,955.50	897,537,810.46	63,316,391.81	60,445,825.14	1,027,365,347.31	957,983,635.60
Other products and service	60,790,385.62	27,001,729.48	10,336,658.79	4,531,504.67	71,127,044.41	31,533,234.15
Classified by geography location						
domestic	3,586,554,106.86	3,027,773,215.50	218,987,514.39	164,145,872.43	3,805,541,621.25	3,191,919,087.93
overseas	592,552,767.81	464,826,248.20	-	-	592,552,767.81	464,826,248.20
Timing of goods transferred						
At a point	4,179,106,874.67	3,492,599,463.70	218,987,514.39	164,145,872.43	4,398,094,389.06	3,656,745,336.13
Over the time						
Total	4,179,106,874.67	3,492,599,463.70	218,987,514.39	164,145,872.43	4,398,094,389.06	3,656,745,336.13

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45. Taxes and surcharges

Items	Current year	Last year
Property tax	10,899,150.69	10,687,349.62
City construction tax	7,144,679.03	9,022,845.50
Education surcharge	5,135,852.15	6,471,029.87
Land use tax	5,455,774.76	5,427,544.54
Stamp duty	3,060,783.95	2,988,502.65
Vehicle and vessel tax	43,874.28	48,080.08
Others	19,158.50	18,497.60
Total	31,759,273.36	34,663,849.86

46. Selling expenses

Items	Current year	Last year
Employee compensation	138,891,531.94	152,109,707.56
Office expenses	19,781,682.82	24,204,767.58
Travel expenses	21,837,485.28	24,263,543.79
Business entertainment expenses	14,081,402.65	16,792,673.00
Advertising and bidding expenses	7,728,884.98	4,689,987.05
Maintenance and material consumption	5,097,860.32	13,375,783.32
Depreciation	2,210,845.80	2,411,651.93
Other expenses	2,273,775.28	2,862,415.72
Total	211,903,469.07	240,710,529.95

47. Administrative expenses

Items	Current year	Last year
Employee benefit	145,649,191.97	160,039,888.99
Official expense	24,076,780.83	29,418,682.12
Depreciation expense	23,165,927.70	21,417,108.80
Long-term assets amortization	12,281,390.04	14,348,155.12
Design consultant and test service expense	8,203,763.03	13,245,807.87
Patent trade mark use	7,050,333.34	10,685,467.52
Business travel expense	6,960,166.63	7,654,226.60
Maintenance and repair expense	5,532,679.27	11,254,680.61
Other taxes and fee	4,457,014.59	3,924,000.03
Safety production cost	4,432,383.64	3,880,395.28

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Items	Current year	Last year
Business entertaining expense	3,623,971.64	3,557,038.72
Insurance expense	2,240,108.01	2,645,035.92
Advertisement expense	120,620.04	583,431.31
Other expense	1,522,433.69	2,710,495.81
Total	249,316,764.42	285,364,414.70

48. Technology development expense

Items	Current year	Last year
Employee benefit	96,290,544.83	91,123,015.98
Raw material	26,645,104.41	33,426,263.16
Depreciation and amortization expense	14,849,414.63	17,272,044.93
Other expense	12,180,763.29	13,704,991.50
Total	149,965,827.16	155,526,315.57

49. Financial expenses

Items	Current year	Last year
Interest expenses	22,623,993.77	33,022,192.73
Less: interest income	6,007,580.39	9,280,290.94
Add: exchange loss	-1,339,955.75	-3,407,833.33
Add: others expenditure	2,689,687.65	2,667,787.47
Total	17,966,145.28	23,001,855.93

50. Other income

Items	Current year	Last year
Government subsidy	16,749,857.95	19,490,628.71
Input VAT accelerated deduction	12,217,141.65	15,785,855.84
Personal income tax handling fee refund	355,517.32	403,935.18
Premium refund	10,200.00	2,137,900.00
Gain on debt restructuring	153,730.62	-
Total	29,486,447.54	37,818,319.73

51. Gain on fair value change

Source of gain on FV change	Current year	Last year
Other non-current financial assets	-	27,205,532.40
Total	-	27,205,532.40

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52. Investment income

Items	Current year	Last year
Long-term equity investment gain under equity method	31,082,949.20	30,246,020.75
Gain from holding of other non-current financial assets	8,362.50	5,411,654.40
Gain from disposal of other non-current financial assets	-	33,277,105.94
Gain on debt restructuring	316,365.70	2,154,769.80
Discounting fees for bank acceptance note	-782,896.55	-737,835.68
Total	30,624,780.85	70,351,715.21

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

Items	Current year	Last year
Bad debt loss on receivable	-49,507,646.74	-15,790,318.34
Bad debt loss on other receivable	-58,288.55	-882,917.23
Bad debt loss on notes receivable	110,779.18	-536,795.36
Bad debt loss on long term receivable	-81,223.04	-10,571.36
Bad debt loss on long term receivable within 1 year	-27,152.32	-
Total	-49,563,531.47	-17,220,602.29

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

Items	Current year	Last year
Loss on impairment of inventory and cost to fulfill the contract obligation	-23,606,498.07	-29,153,785.19
Loss of contract asset impairment	1,517,664.51	16,725,088.49
Impairment on other non-current asset	-	-82,114.56
Impairment on construction in progress	-	-15,064,649.38
Total	-22,088,833.56	-27,575,460.64

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

Item	Current year	Last year
Gain on non-current assets disposal	94,932.40	5,010,221.27
Including: gain on non-current assets disposal not classified as held for sale	94,932.40	5,010,221.27
Including: gain on fixed assets disposal	-94,238.91	5,185,071.48
gain on intangible assets disposal	-	-

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gain on early derecognition of use right asset	189,171.31	-174,850.21
Total	94,932.40	5,010,221.27

56. Non-operating income

(1) Non-operating income list

Item	Current year	Last year	Amounts recognized into non-recurring profit or loss for the year
Payable written-off	6,058,162.98	6,083,744.04	6,058,162.98
Penalty received	915,876.78	3,117,992.73	915,876.78
Loss claimed reverse	2,489,120.97	1,186,292.67	2,489,120.97
Gain on donation	-	128,800.00	-
Gain on disposal of non-current asset	256,714.75	41,493.05	256,714.75
Other items	18,842.28	923,931.55	18,842.28
Total	9,738,717.76	11,482,254.04	9,738,717.76

57. Non-operating expenses

Item	Current year	Last year	Amounts recognized into non-recurring profit or loss for the year
Non-current assets scrap loss	2,138,960.86	5,809,971.12	2,138,960.86
Compensation	3,364,102.64	2,322,513.96	3,364,102.64
Expected loss on pending litigation	-	241,996.39	-
Outward donation	60,000.00	60,000.00	60,000.00
Others	1,915,454.96	1,066,222.01	1,915,454.96
Total	7,478,518.46	9,500,703.48	7,478,518.46

58. Income tax expenses

(1) Income tax expenses

Items	Current year	Last year
Current income tax expenses	25,506,099.11	36,274,871.93
Deferred income tax expenses	-19,515,807.21	-24,313,548.68
Total	5,990,291.90	11,961,323.25

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

Items	Current year
Consolidated total profit this year	71,251,568.70
Income tax expenses at applicable tax rate	10,687,735.31
Effect on subsidiary applied to different tax rate	-3,857,841.95
Effect on prior period income tax adjustment	-243,573.77
Effect on non-taxable income	-4,678,769.89
Effect on non-deductible cost, expense and loss	1,971,152.07
Effect on use of deductible loss from unrecognized deferred tax assets in the prior period	-6,713,002.85
Deferred tax assets recognized for prior period temporary difference	-
Effect on temporary difference or deductible loss from unrecognized deferred tax assets this year	26,922,368.56
R&D expenditure accelerated deduction	-18,097,775.57
Income tax expense	5,990,291.90

59. Notes to cash flow statement

(1) Cash relevant to operating activities

1) Cash received relevant to operating activities

Items	Current year	Last year
Deposit returned	40,983,401.46	41,482,792.46
Lease premium received	27,952,247.38	25,014,316.79
Government grants	18,394,961.58	12,106,148.33
Receivable from the 3 rd party	9,032,596.94	6,651,943.84
Interest income	5,471,352.10	11,356,266.86
Frozen money refund	4,393,766.19	20,924,320.43
Received travel expense refund	2,894,614.33	2,155,963.19
Compensation	1,634,914.76	2,246,739.02
Others	2,826,877.83	3,048,070.46
Total	113,584,732.57	124,986,561.38

2) Cash paid relevant to operating activities

Items	Current year	Last year
Expenditure	176,380,513.27	181,703,691.99
Deposit paid	41,910,455.78	37,902,779.65
Unsettled AR/AP among non-related party	6,432,358.17	3,439,560.21

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Items	Current year	Last year
Bank handling charges	2,518,910.29	2,901,472.22
Frozen accounts	-	6,236,821.19
Others	1,452,369.37	2,841,796.69
Total	228,694,606.88	235,026,121.95

(2) Cash relevant to investing activities

1) Significant cash received relevant to investing activities

Items	Current year	Last year
Cash dividend	31,846,958.75	40,030,942.29
Investment recoup	-	45,841,618.00
Gain on disposal of equity investment	-	212,428,461.60
Total	31,846,958.75	298,301,021.89

2) Cash received relevant to investing activities

Items	Current year	Last year
Fixed-term deposit -principle	50,000,000.00	268,000,000.00
Total	50,000,000.00	268,000,000.00

3) Significant cash paid relevant to investing activities

Items	Current year	Last year
Purchase of long-term asset	192,996,925.42	78,719,169.31
Total	192,996,925.42	78,719,169.31

4) Other cash paid relevant to investing activities

Items	Current year	Last year
Fixed-term deposit	100,000,000.00	150,000,000.00
Total	100,000,000.00	150,000,000.00

(3) Cash relevant to financing activities

1) Other cash received relevant to financing activities

Items	Current year	Last year
Notes payable to supplier	10,000,000.00	2,000,000.00
Sale leaseback and financial lease	2,243,624.05	1,598,937.32
Notes discounted	1,943,611.11	9,964,739.15

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Others	13,069,828.95	11,480,935.05
Total	27,257,064.11	25,044,611.52

2) Others cash paid relevant to financing activities

Items	Current year	Last year
Payment of guarantee money	21,915,722.35	18,074,898.60
Notes payable to supplier	6,204,605.00	47,750,000.00
Sale& leaseback and financial lease	5,122,010.07	20,338,159.55
Lease premium payable	2,911,875.20	3,879,173.06
Others	391,510.81	660,706.34
Total	36,545,723.43	90,702,937.55

60. Supplementary information of consolidated cash flow statement

(1) Information

Items	Current year	Last year
1. Adjusting net profit into cash flows of operating activities:	—	—
Net profit	65,261,276.80	113,681,979.77
Add: Provision for impairment of assets	22,088,833.56	27,575,460.64
Provision for impairment of credit	49,563,531.47	17,220,602.29
Depreciation of fixed assets, Amortization of mineral resources, and biological assets	137,468,222.97	142,519,339.90
Depreciation of right-of-use assets	4,043,890.26	5,688,436.33
Amortization of intangible assets	15,992,555.53	14,960,016.82
Amortization of long-term deferred expenses	1,883,280.22	1,844,340.48
Losses on disposal of fixed assets, intangible assets, and long-term assets (income listed with“-”)	-94,932.40	-5,010,221.27
Losses on scrap of fixed assets (income listed with“-”)	1,882,246.11	5,768,478.07
Change of fair value profit or loss	-	-27,205,532.40
Financial expense (income listed with“-”)	22,623,993.77	33,022,192.73
Investment loss (income listed with“-”)	-30,624,780.85	-70,351,715.21
Decrease of deferred tax assets (increase listed with“-”)	-21,591,679.71	9,896,031.82
Increase of deferred tax liabilities (decrease listed	2,075,872.51	-34,209,580.51

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Items	Current year	Last year
with“-”)		
Decrease of inventories (increase listed with“-”)	-40,970,801.11	243,070,107.18
Decrease of operating receivables (increase listed with“-”)	-81,255,828.05	45,124,178.28
Increase of operating payables (decrease listed with“-”)	-26,133,996.60	-286,439,840.48
Others	-	-
Net cash flows arising from operating activities	122,211,684.48	237,154,274.44
2. Significant investment and financing activities unrelated to cash income and expenses	—	—
Liabilities transferred to capital	-	-
Convertible bonds within 1 year	-	-
Financing leased fixed assets	-	-
3. Net increase (decrease) of cash and cash equivalent	—	—
Closing balance of cash	720,442,720.84	951,579,683.60
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	-231,136,962.76	281,139,347.62

(2) Cash and cash equivalents

Items	Current year	Last year
Cash	720,442,720.84	951,579,683.60
Including: Cash on hand	11,965.04	28,585.88
Bank deposit used for paying at any moment	720,430,755.80	951,551,097.72
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	720,442,720.84	951,579,683.60

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

Items	Current year	Last year	Reasons
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Items	Current year	Last year	Reasons
Fixed term deposit	100,000,000.00	50,000,000.00	Held to maturity
Guarantee money for bank acceptance note	39,252,702.82	15,278,927.28	Guarantee money
Guarantee money for guarantee letter	17,687,646.63	14,925,131.02	Guarantee money
Frozen	1,844,807.27	6,512,838.08	Frozen
Interest receivable	934,791.55	406,111.11	Held to maturity
Rural workers' salary account restriction	-	3,190,047.46	Special account
Rural workers guarantee fund	219,297.00	251,006.12	Guarantee money
Total	159,939,245.27	90,564,061.07	—

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	1,499,490.87	7.0288	10,539,621.43
JPY	299,345,659.00	0.044797	13,409,787.49
Euro	48,617.12	8.2355	400,386.29
HKD	372,568.89	0.90322	336,511.67
Accounts receivable	—	—	—
Including: USD	8,627,601.32	7.0288	60,641,684.16
JPY	110,399,533.00	0.044797	4,945,567.88
Euro	672,685.70	8.2355	5,539,903.08
GBP	140,443.58	9.4346	1,325,029.00
Accounts payable	—	—	—
Including: USD	1,398,672.47	7.0288	9,830,989.06
JPY	55,335,866.10	0.044797	2,478,880.79

63. Lease

(1) As a lessee

Items	Current year	Last year
Interest expense on lease liabilities	1,051,939.27	1,545,658.27

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Items	Current year	Last year
Short-term lease expense recognized in income statement	6,683,815.92	2,052,986.01
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	6,397,756.82	5,240,197.61
Cash inflow from sale and leaseback transactions	-	2,000,000.00
Cash outflow from sale and leaseback transactions	-	3,330,252.62

(2) As a lessor

Operating lease

Items	Lease income	Include: income related to variable lease payments not included in lease payment receivable
Office and plant	23,618,546.89	
Total	23,618,546.89	-

VI. Research and development expense

Items	Current year	Last year
Labor cost	96,290,544.83	91,123,015.98
Material cost	26,645,104.41	33,426,263.16
Depreciation and amortization	14,849,414.63	17,272,044.93
Others	12,180,763.29	13,704,991.50
Total	149,965,827.16	155,526,315.57
Expensed R&D	149,965,827.16	155,526,315.57
Capitalized R&D		

VII. Change of Consolidation Scope

During the year, Dalian Bingshan Group Sales Co., Ltd. was merged into the Company. In addition, Dalian Bingshan International Trade Co., Ltd. established a subsidiary, Bingshan International Trade (Hong Kong) Co., Limited.

VIII. Interest in other entity

1. Equity of subsidiaries

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(1) Organization structure of group company

Name of subsidiaries	Registered capital (million Yuan)	Main business address	Registered address	Business nature	Shareholding (%)		Obtaining method
					Direct	Indirect	
Dalian Bingshan Group Engineering Co., Ltd.	30,000.00	Dalian	Dalian	Installation	100.00	-	Establish
Chengdu Bingshan Refrigeration Engineering Co., Ltd.	1,000.00	Chengdu	Chengdu	Service	-	51.00	Establish
Dalian Bingshan Air-conditioning Equipment Co., Ltd.	8,254.00	Dalian	Dalian	Manufacturing	100.00	-	Establish
Dalian Bingshan Guardian Automation Co., Ltd.	5,070.07	Dalian	Dalian	Manufacturing	100.00	-	Establish
Dalian Bingshan-RYOSETSU Quick Freezing Equipment Co., Ltd.	5,757.87	Dalian	Dalian	Manufacturing	100.00	-	Establish
Wuhan New World Refrigeration Industrial Co., Ltd.	20,000.00	Wuhan	Wuhan	Manufacturing	100.00	-	Acquisition
Wuhan New World Air-conditioning Refrigeration Engineering Co., Ltd	3,500.00	Wuhan	Wuhan	Installation	-	100.00	Establish
Wuhan Lanning Energy Technology Co., Ltd.	2,200.00	Wuhan	Wuhan	Trading	-	100.00	Acquisition
Dalian Universe Thermal Technology Co.,Ltd.	8,000.00	Dalian	Dalian	Manufacturing	55.00	-	Acquisition
Dalian Bingshan Engineering & Trading Co., Ltd	3,000.00	Dalian	Dalian	Service	100.00	-	Acquisition
Bingshan Engineering & Trading (Hong Kong)Co., Ltd	320.00	Hong Kong	Hong Kong	Service	100.00	-	Establish

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Name of subsidiaries	Registered capital (million Yuan)	Main business address	Registered address	Business nature	Shareholding (%)		Obtaining method
					Direct	Indirect	
Sonyo Compressor (Dalian)Co.,Ltd.	44,239.67	Dalian	Dalian	Manufacturing	100.00	-	Acquisition
Sonyo Refrigeration System (Dalian) Co., Ltd.	10,500.00	Dalian	Dalian	Manufacturing	100.00	-	Acquisition
Sonyo Refrigeration (Dalian) Co., Ltd.	21,208.47	Dalian	Dalian	Manufacturing	100.00	-	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

There is no change of equity share in subsidiary

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.

(2) The key financial information of affiliated companies

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Items	Closing balance/Current year
	Closing balance/Current year Dalian Bingshan Metal Technology Co., Ltd.
Current assets	259,850,594.91
Including: Cash and cash equivalents	92,115,701.90
Non-current assets	43,062,329.77
Total assets	302,912,924.68
Current liabilities	59,095,874.40
Non-current liabilities	-
Total liabilities	59,095,874.40
Total net asset	243,817,050.28
Minority interests	-
Equity to the parent company	243,817,050.28
Share of net assets according to the shareholding proportions	119,470,354.64
Adjusting events	-
—Goodwill	19,269,770.94
—Unrealized profits of insider trading	-
--Others	-
Book value of equity investment of affiliated companies	138,895,377.85
Fair value of equity investment with public offer	-
Operating income	435,999,785.46
Financial expense	961,657.28
Income tax expense	8,644,158.36
Net profit	63,368,276.71
Net profit of discontinuing operation	-
Other comprehensive income	-
Total comprehensive income	63,368,276.71
The current dividends received from joint ventures	28,059,800.96

(Continued)

Items	Opening balance/Last year
	Dalian Bingshan Metal Technology Co., Ltd.

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Items	Opening balance/Last year
	Dalian Bingshan Metal Technology Co., Ltd.
Current assets	256,248,904.13
Including: Cash and cash equivalents	80,025,332.42
Non-current assets	42,099,190.29
Total assets	298,348,094.42
Current liabilities	60,317,579.55
Non-current liabilities	-
Total liabilities	60,317,579.55
Total net asset	238,030,514.87
Minority interests	-
Equity to the parent company	238,030,514.87
Share of net assets according to the shareholding proportions	116,634,952.28
Adjusting events	-
—Goodwill	19,269,770.94
—Unrealized profits of insider trading	-
--Others	-
Book value of equity investment of affiliated companies	135,904,723.22
Fair value of equity investment with public offer	-
Operating income	432,254,731.20
Financial expense	-2,035,716.59
Income tax expense	9,817,260.94
Net profit	58,136,954.23
Net profit of discontinuing operation	-
Other comprehensive income	-
Total comprehensive income	58,136,954.23
The current dividends received from joint ventures	30,759,188.94

(3) Summary financial information of insignificant affiliated companies

Items	Current year	Last year
Affiliated company	—	—
Total book value of investment of affiliated	344,133,540.46	346,068,692.14

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Items	Current year	Last year
Affiliated company	—	—
companies		
The total of following items according to the shareholding proportions	—	—
Net profit	32,493.61	-7,939,529.15
Other comprehensive income	-	-
Total comprehensive income	32,493.61	-7,939,529.15

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

No.

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

No.

IX. Government Grant

1. 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	11,822,755.00	-	8,746,875.90	-	80,325,538.53	asset
Deferred income	13,483,820.86	130,100.00	-	1,928,006.95	-	11,685,913.91	asset/income
Deferred income	-	781,680.29	-	-	-	781,680.29	income
Total	90,733,480.29	12,734,535.29	-	10,674,882.85	-	92,793,132.73	—

2. Recognized in income statement

Items	Current year	Last year
Other income	16,749,857.95	19,798,839.71

X. 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

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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 31st December 2025, the Company's assets and liabilities dominated in foreign currency are listed in RMB as following:

Items	December 31, 2025	January 1, 2025
Monetary fund-USD	10,539,621.43	11,895,447.99
Monetary fund-JPY	13,409,787.49	18,978,914.14
Monetary fund- EURO	400,386.29	128,522.55
Monetary fund- HKD	336,511.67	-
Receivable -USD	60,641,684.16	52,044,382.54
Receivable -GBP	1,325,029.00	1,282,811.66
Receivable -JPY	4,945,567.88	7,974,729.62
Receivable - EURO	5,539,903.08	4,894,436.83
Payables -USD	9,830,989.06	2,476,583.44
Payables -JPY	2,478,880.79	3,285,251.61
Other payables - JPY	-	1,582,192.94

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

2) Interest rate risk

The Group's interest rate risk arises from bank borrowings. Financial liabilities bearing floating interest rates expose the Group to cash flow interest rate risk, while financial liabilities bearing fixed interest rates expose the Group to fair value interest rate risk. The Group determines the relative proportion of fixed-rate and floating-rate contracts based on prevailing market conditions.

As of December 31, 2025, the total amount of RMB-denominated interest-bearing borrowings was RMB 766,921,600.00, including fixed-rate borrowings of RMB 216,921,600.00 and floating-rate borrowings of RMB 550,000,000.00 (December 31, 2024: RMB 686,000,000.00 in total).

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.

(2) 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.

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As at 31st December 2025, the top five customers of receivable accounts balance are 306,401,965.76Yuan, representing 12.49% 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 December 31st, 2025, the credit limit still available is 765.66 million Yuan(711.87 million Yuan 2024) and short-term credit limit available is 711.87 million Yuan(711.87 million Yuan 2024).

1) As at 31st December 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	88,038.20	-	-	-	88,038.20
Notes receivable	32,633.35	-	-	-	32,633.35
Accounts receivable	163,473.23	-	-	-	163,473.23
Financing receivable	33,546.08	-	-	-	33,546.08
Other Receivable	4,303.29	-	-	-	4,303.29
Contract asset	16,181.69	-	-	-	16,181.69
Other current asset	3,489.94	-	-	-	3,489.94
Other non-current financial asset	-	-	-	168.39	168.39
Long-term receivable	-	38.61	58.30	24.67	121.58
Financial Liabilities	—	—	—	—	—
Short-term loan	20,183.65	-	-	-	20,183.65
Notes Payable	66,536.43	-	-	-	66,536.43

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Items	Within 1 year	1-2 years	2-5 years	Over 5 years	Total
Accounts payable	165,681.29	-	-	-	165,681.29
Other payable	24,093.50	-	-	-	24,093.50
Employee's payable	12,460.42	-	-	-	12,460.42
Tax payable	1,971.65	-	-	-	1,971.65
Non-current liability due within 1 year	23,738.08	-	-	-	23,738.08
Long-term loan	-	10,006.33	26,826.50	-	36,832.83
Lease obligation	-	170.65	362.76	1,122.91	1,656.32
Long-term payable	-	575.50	1,309.07	-	1,884.57

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	231,636,347.25	Y	All risk and reward have been transferred
Discounting a bill	Bank acceptance bill with high	6,435,987.47	Y	All risk and reward have been transferred
Endorsement/discounting of a bill	Bank/trade acceptance bill with non-high credit rating	147,474,968.20	N	Retain mostly risk and reward including default risk
Factoring	Receivable	3,056,228.75	Y	All risk and reward have been transferred
Supply chain bill endorsement/Discounting of bills	Receivable	3,649,025.92	Y	All risk and reward have been transferred
Total	—	392,252,557.59	—	—

(2) Derecognized financial asset due to transfer

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Item	Transfer method	Derecognized Amount	Gain/loss from derecognition
Bank acceptance bill with high credit rating	Endorsement of a bill	231,636,347.25	—
Bank acceptance bill with high credit rating	Discounting a bill	6,435,987.47	-27,838.26
Receivable	Factoring without recourse	3,056,228.75	—
Supply chain bill	Bill endorsement or discounting	3,649,025.92	—
Total	—	244,777,589.39	-27,838.26

XI. Disclosure of Fair Value

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

Items	Fair value at the year end			
	1 st level measurement of FV	2 nd level measurement of FV	3 rd level measurement of FV	Total
Financial assets				
Continuously measured at FV	—	—	—	—
Receivable financing	-	335,460,836.49	-	335,460,836.49
Other non-current financial asset	-	-	1,683,852.59	1,683,852.59
Total	-	335,460,836.49	1,683,852.59	337,144,689.08

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

None.

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

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

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

As of December 31, 2025, the book value of the share investment in Guotai Junan Investment Management Co.,Ltd and Wuhan Steel and Power Co.,Ltd is 1,683,852.59 Yuan. It is presented as other non-current financial asset in accordance with No.22- financial instrument recognition and measurement of Accounting Standards for Business Enterprises. Having considered there is neither active market for invested company's share nor market price is available for reference, and it is not feasible to obtain the relevant observable input value. FV of the investment is measured at cost by taking influence factor of FV into consideration.

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

None.

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

None.

7. Changes of valuation technique and reasons for changes

None.

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

None.

XII. Related Parties Relationship and Transactions

i. Related parties' relationship

1. Controlling shareholder and ultimate controller

(1) Controlling shareholder and ultimate controller

Parent	Registered	Business	Registered	Shareholding	Voting
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BINGSHAN REFRIGERATION & HEAT TRANSFER TECHNOLOGIES CO., LTD

Notes to financial statements

January 1, 2025 to December 31, 2025

(The currency is in RMB Yuan except otherwise indicated)

(English translation for reference only)

company	address	nature	capital	percentage (%)	power percentage (%)
Dalian Bingshan Group Co., Ltd.	Dalian	Manufacture	111,080,000.00	20.27	20.27

Note: Dalian Bingshan Group Co., Ltd. is a Sino –foreign joint venture located No.106 Liaohe East Road, DDZ, Dalian, China. The legal representative of Dalian Bingshan Group Co., Ltd. is Mr. Ji Zhijian, and the registered capital is RMB111.08 million. The registered business operation period is from 3rd July 1985 to 2nd July 2035. The business scope includes research, development, manufacture, sales, service and installment of refrigeration equipment, cooling and freezing equipment, different size of air-conditioners, petrochemical equipment, electronic and electronic- control products, home electronic appliance, environment protect equipment and etc. (unless the licenses needed)

2. 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
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

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Names of the joint ventures or affiliated company	Relationships with the Company
Dalian Bingshan Group Huayida Financial Leasing 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
Wuhan Sikafu Power Control Equipment Co., Ltd.	Affiliate of its subsidiary
PT BINGSHAN MAKMUR INDONESIA	Affiliate of its subsidiary

4. Other related parties

Name of related party	Related party relationship
Company under direct/indirect Control of Panasonic Co.,Ltd	under control of or significant influence by the same party
Sanyo Corporation	under control of or significant influence by the same party
Dalian Spindle Environmental Facilities Co., Ltd.	under control of or significant influence by the same party
LINDE HYDROGEN FUELTECH (DALIAN) CO., LTD.	under control of or significant influence by the same party
Linde Engineering (Dalian) Co., Ltd.	under control of or significant influence by the same party
Dalian Shentong Electric Co., Ltd.	under control of or significant influence by the same party
Dalian Fuji Bingshan Control System Co., Ltd.	under control of or significant influence by the same party
BAC Dalian Co., Ltd.	under control of or significant influence by the same party
Dalian Bingshan Wisdom Park Co., Ltd	under control of or significant influence by the same party
Dalian Binggu Hotel Management Co., Ltd.	under control of or significant influence by the same party
Dalian Xiangtu Intelligent Technology Co., Ltd.	under control of or significant influence by the same party
Dalian Bingshan Part Technology Co.,LTD.	under control of or significant influence by the same party
Alphavita Bio-scientific (Dalian) Co., Ltd.	under control of or significant influence by the same party
Bingshan Technology Service (Dalian) Co., Ltd.	under control of or significant influence by the same party
Sonyo Cold Chain(Dalian) Co., Ltd.	under control of or significant influence by the same party
Sonyo Cold Chain Equipment (Wuhan) Co., Ltd.	Under control of the same ultimate controlling party's subsidiary

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Name of related party	Related party relationship
Dalian Health and Wellness Industry Group Co., Ltd	A director of the Company serves as a director of such 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 Appliances Air-Conditioning Malaysia Sdn.Bhd., Panasonic Cold Chain Poland sp. zo.o., Panasonic Corporation Appliances Company, Panasonic Corporation Cold Chain Solutions Company Cold Chain Business Division Product Engineering Department, 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 Corporation, Panasonic Do Brasil Limitada Miami Branch, Panasonic Europe B.V.Gernany Branch, Panasonic Hong Kong Co.,Ltd., 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 Taiwan Co.,Ltd.

Panasonic Appliances Air-Conditioning (Guangzhou) Co., Ltd. , Panasonic Appliances Air-Conditioning and Refrigeration Systems Co., Ltd. , Panasonic Procurement (CHINA) Co.,Ltd., Panasonic Electric Equipment (China) Co., Ltd., Panasonic Corporation of China, Shanghai Branch of Panasonic Corporation of China, Panasonic Corporation, Panasonic Industry (China) Co., Ltd., Panasonic Global Procurement (China) Co., Ltd., Panasonic R&D Center Suzhou Co.,Ltd Dalian Branch, Wanbao (Guangzhou) Compressor Co.,Ltd., Panasonic Electric Taiwan Co.,Ltd., Panasonic Welding Systems (Tangshan) Co., Ltd., Singapore Panasonic Cold Chain Asia, Panasonic Sales Taiwan Co Ltd., Panasonic Taiwan Co., Ltd.

ii. Related Party transactions

1. Purchase of goods, offer and receive labour services etc inter-group transactions

(1) Purchase of goods/receive labour services

Related party	Content	Current year	Last year
Sonyo Cold Chain (Dalian)Co.Ltd	Purchases of goods	85,664,683.20	58,961,755.22
Dalian Bingshan Metal Technology Co.,Ltd.	Purchases of goods	53,402,292.67	62,734,659.74
Company under direct/indirect Control of Panasonic Co.,Ltd	Purchases of goods	41,566,499.92	26,696,668.01
Jiangsu Jingxue Insulation Technology Co.,Ltd.	Purchases of goods	23,833,667.50	35,868,159.33

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Related party	Content	Current year	Last year
BAC Dalian Co., Ltd.	Purchases of goods	22,160,505.83	9,499,080.31
Dalian Bingshan Part Technology Co.,LTD.	Purchases of goods	15,092,470.23	14,257,101.84
Dalian Fuji Bingshan Control System Co., Ltd.	Purchases of goods	9,827,091.39	970,858.76
Dalian Shentong Electric Co., Ltd.	Purchases of goods	7,908,130.34	10,593,486.97
Bingshan Technology Service (Dalian) Co., Ltd.	Purchases of goods	7,007,923.63	21,254,763.30
Dalian Honjo Chemical Co., Ltd	Purchases of goods	5,519,140.84	14,418,121.76
Dalian Spindle Environmental Facilities Co., Ltd	Purchases of goods	4,837,240.83	1,168,153.45
Dalian Bingshan Wisdom Park Co., Ltd	Purchases of goods	826,109.63	161,184.48
Alphavita Bio-scientific (Dalian) Co., Ltd.	Purchases of goods	93,428.30	93,428.30
Dalian Bingshan Group Huahuida Financial Leasing Co., Ltd.	Purchases of goods	62,124.88	15,337.41
Dalian Fuji Bingshan Vending Machine Co., Ltd	Purchases of goods	52,297.59	9,597.63
Dalian Fuji Bingshan Vending Machine Sales Co., Ltd	Purchases of goods	49,931.42	68,141.59
Dalian Xianggu Intelligent Technology Co., Ltd.	Purchases of goods	21,518.40	-
Sanyo Corporation	Purchases of goods	21,149.28	-
Shanghai Jingxue Freezing Equipment Co., Ltd	Purchases of goods	-	53,008.85
Dalian Jingxue Freezing Equipment Co., Ltd.	Purchases of goods	-	28,300.88
Dalian Bingshan Group Co., Ltd.	Purchases of goods	-	943.40
Dalian Bingshan Wisdom Park Co., Ltd	Receive labor services	2,037,269.65	-
Dalian Bingshan Group Co., Ltd.	Receive labor services	317,058.00	-
Alphavita Bio-scientific (Dalian) Co., Ltd.	Receive labor services	186,856.60	-
Dalian Bingshan Part Technology Co.,LTD.	Receive labor services	56,048.44	-
Dalian Binggu Hotel Management Co., Ltd.	Receive labor services	23,539.95	-
Company under direct/indirect Control of Panasonic Co.,Ltd	Receive labor services	1,415.09	-
Sanyo Corporation	Receive labor services	-	79,389.43
Sonyo Cold Chain (Dalian)Co.Ltd	Receive labor services	-	59,669.09
Total		280,568,393.61	256,991,809.75

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(2) Sales of goods/ labour services provision

Related party	Content	Current year	Last year
Company under direct/indirect Control of Panasonic Co.,Ltd	Sales of goods	284,707,564.24	294,094,000.19
Sonyo Cold Chain(Dalian)Co.Ltd	Sales of goods	170,383,403.47	124,892,254.77
BAC Dalian Co., Ltd	Sales of goods	127,493,776.00	102,516,304.77
Bingshan Technology Service (Dalian) Co., Ltd.	Sales of goods	17,898,611.01	53,199,272.20
Sonyo Cold Chain Equipment (Wuhan) Co., Ltd.	Sales of goods	12,425,543.40	12,938,062.52
MHI Bingshan Refrigeration (Dalian) Co.,Ltd.	Sales of goods	7,211,308.24	5,359,262.29
Dalian Fuji Bingshan Vending Machine Co., Ltd	Sales of goods	7,056,303.85	9,294,419.14
Alphavita Bio-scientific (Dalian) Co., Ltd.	Sales of goods	3,143,742.44	3,226,307.14
Dalian Bingshan Group Huahuida Financial Leasing Co., Ltd.	Sales of goods	2,991,150.45	13,053,097.35
Dalian Honjo Chemical Co., Ltd	Sales of goods	2,335,754.41	2,416,987.78
Dalian Bingshan Part Technology Co.,LTD	Sales of goods	1,365,147.67	2,306,804.62
Dalian Bingshan Wisdom Park Co., Ltd	Sales of goods	947,148.28	531,283.99
PT BINGSHAN MAKMUR INDONESIA	Sales of goods	602,180.00	-
Dalian Spindle Environmental Facilities Co., Ltd	Sales of goods	543,281.22	1,256,946.19
Dalian Shentong Electric Co., Ltd	Sales of goods	264,245.15	412,111.48
Dalian Fuji Bingshan Control System Co., Ltd.	Sales of goods	213,388.02	209,722.13
Wuhan Scarf Power Control Equipment Co., Ltd.	Sales of goods	68,773.09	-
Linde Engineering (Dalian) Co., Ltd.	Sales of goods	8,321.10	-
Dalian Bingshan Group Co., Ltd.	Sales of goods	6,847.27	-
Dalian Health and Wellness Industry Group Co., Ltd	Sales of goods	-	6,653,136.22
Bingshan Technology Service (Dalian) Co., Ltd.	Sales of goods	-	163,716.81
Dalian Jingxue Freezing Equipment Co., Ltd	Sales of goods	-	85,702.88
Linde Hydrogen Fueltech (Dalian) Co., Ltd	Sales of goods	-	67,265.46
Company under direct/indirect Control of Panasonic Co.,Ltd	Sales of service	394,794.15	-
Dalian Jingxue Freezing Equipment Co., Ltd	Sales of service	91,597.71	-

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Related party	Content	Current year	Last year
Sonyo Cold Chain(Dalian)Co.Ltd	Sales of service	7,547.17	-
Alphavita Bio-scientific (Dalian) Co., Ltd.	Sales of service	4,398.11	-
Bingshan Technology Service (Dalian) Co., Ltd.	Sales of service	622.64	-
Dalian Shentong Electric Co., Ltd	Sales of service	207.55	-
Dalian Fuji Bingshan Control Systems Co., Ltd.	Sales of service	-	417,570.36
Total		640,165,656.64	633,094,228.29

(3) Assets Lease

1) Assets rent out

Lessee	Category of assets rent out	Current year Lease Income	Last year Lease Income
Dalian Bingshan Wisdom Park Co., Ltd	Land/property	9,013,347.56	9,013,347.56
MHI Bingshan Refrigeration (Dalian) Co.,Ltd.	Plant	3,809,523.80	3,809,523.80
Linde Hydrogen Fueltech (Dalian) Co., Ltd	Plant	1,301,141.28	2,792,899.62
Bingshan Songyang Cold Chain Equipment (Wuhan) Co., Ltd.	Plant /Employee dormitory	2,020,370.66	1,708,106.44
Dalian Jingxue Freezing Equipment Co., Ltd.	Plant and office	696,854.52	784,927.88
Wuhan Sikafu Power Control Equipment Co., Ltd	Plant	721,045.88	721,045.88
Company under direct/indirect Control of Panasonic Co.,Ltd	Plant/ office / dormitory	763,337.16	763,337.16
Bingshan Technology Service (Dalian) Co., Ltd.	Plant and office	331,276.27	310,725.81
Dalian Bingshan Part Technology Co.,Ltd.	Plant and office	770,642.27	846,330.36
Dalian Bingshan Group Co., Ltd.	Office	66,055.05	66,055.05
Sonyo Cold Chain (Dalian)Co.Ltd	Office	49,321.10	52,256.88
Dalian Spindle Environmental Facilities Co., Ltd.	Office	5,284.40	5,284.40

2) Assets under lease

Lessor	Category of assets rent in	Lease premium paid	
		Current year	Last year

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Lessor	Category of assets rent in	Lease premium paid	
		Current year	Last year
Sonyo Cold Chain(Dalian)Co.Ltd	Plant	1,700,966.97	2,456,952.29
Dalian Bingshan Group Huahuida Financial Leasing Co., Ltd	Fixed asset	500,702.64	573,090.24

(Continued)

Lessor	Interests on lease liabilities		Increased right-of-use assets	
	Current year	Last year	Current year	Last year
Sonyo Cold Chain(Dalian)Co.Ltd	229,074.42	378,902.66	-	-
Dalian Bingshan Group Huahuida Financial Leasing Co., Ltd	23,689.90	69,055.29	-	-

(4) 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	3,568,452.38	873,740.74

(5) 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 V. 33 long term borrowings".

(6) Funds borrow from /lent to related party

Name of the related party	Amount	Starting date	Ending date	Explanation
Funds borrowed				
Dalian Bingshan Group Co., Ltd.	160,000,000.00	2016-3-14	2026-3-13	Project fund investment
Dalian Bingshan Group Huahuida Financial Leasing Co.,Ltd	14,750,000.00	2025-01-21	2030-1-20	Sale and leaseback

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Name of the related party	Amount	Starting date	Ending date	Explanation
Funds borrowed				
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	8,600,000.00	2024-07-26	2026-07-25	Sale and leaseback
Dalian Bingshan Group Huahuida Financial Leasing Co.,Ltd	4,000,000.00	2025-09-29	2027-9-28	Sale and leaseback
Dalian Bingshan Group Huahuida Financial Leasing Co.,Ltd	2,000,000.00	2025-10-09	2027-10-8	Sale and leaseback
Dalian Bingshan Group Huahuida Financial Leasing Co.,Ltd	1,000,000.00	2025-03-14	2028-3-13	Sale and leaseback
Dalian Bingshan Group Huahuida Financial Leasing Co.,Ltd	1,000,000.00	2025-04-29	2028-4-28	Sale and leaseback
Dalian Bingshan Group Huayida Commercial Factoring Co., Ltd	5,000,000.00	2025-4-28	2026-4-27	Factoring
Dalian Bingshan Group Huayida Commercial Factoring Co., Ltd	1,000,000.00	2024-6-19	2026-6-18	Factoring
Dalian Bingshan Group Huayida Commercial Factoring Co., Ltd	5,000,000.00	2025-7-23	2026-7-22	Factoring
Dalian Bingshan Group Huayida Commercial Factoring Co., Ltd	1,000,000.00	2024-7-26	2026-7-25	Factoring
Dalian Bingshan Group Huayida Commercial Factoring Co., Ltd	1,801,481.40	2025-8-13	2026-8-12	Factoring
Dalian Bingshan Group Huayida Commercial Factoring Co., Ltd	830,733.36	2025-8-22	2026-8-21	Factoring
Dalian Bingshan Group Huayida Commercial Factoring Co., Ltd	1,200,000.00	2024-8-26	2026-8-25	Factoring
Dalian Bingshan Group Huayida Commercial Factoring Co., Ltd	1,500,000.00	2025-9-25	2026-9-24	Factoring
Dalian Bingshan Group Huayida Commercial Factoring Co., Ltd	2,500,000.00	2025-10-9	2026-10-8	Factoring
Dalian Bingshan Group	1,800,000.00	2024-10-31	2026-10-30	Factoring

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Name of the related party	Amount	Starting date	Ending date	Explanation
Funds borrowed				
Huayida Commercial Factoring Co., Ltd				
Dalian Bingshan Group Huayida Commercial Factoring Co., Ltd	1,075,120.00	2025-11-14	2026-11-13	Factoring
Dalian Bingshan Group Huayida Commercial Factoring Co., Ltd	1,117,485.28	2025-11-19	2026-11-18	Factoring
Dalian Bingshan Group Huayida Commercial Factoring Co., Ltd	6,000,000.00	2025-1-15	2027-1-14	Factoring
Dalian Bingshan Group Huayida Commercial Factoring Co., Ltd	2,000,000.00	2025-5-21	2027-5-20	Factoring
Dalian Bingshan Group Huayida Commercial Factoring Co., Ltd	975,000.00	2025-6-23	2028-6-22	Factoring
Funds lent	-	—	—	—

(7) Asset transfer and debt restructuring among the related parties

Item	Transaction	Current year	Last year
Dalian Municipal State-owned Assets Investment and Operation Group Co., Ltd.	Transfer of Land Use Rights	62,674,778.40	-
Bingshan Songyang Cold Chain (Dalian) Co., Ltd.	Transfer of Factory Buildings and Ancillary Facilities	45,426,006.03	-
Total		108,100,784.43	-

(8) Management Remuneration

Item	Current year	Last year
Total remuneration	4,620,500.00	5,140,400.00

(9) Other transactions with related party

None

iii. Balances with Related party

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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	82,215,721.94	5,771,543.68
Accounts receivable	BAC Dalian Co., Ltd	32,884,151.56	2,308,467.44
Accounts receivable	Company under direct/indirect Control of Panasonic Co.,Ltd	24,865,710.98	714,583.39
Accounts receivable	Bingshan Technology Service (Dalian) Co., Ltd.	15,948,513.98	1,284,841.10
Accounts receivable	Sonyo Cold Chain Equipment (Wuhan) Co., Ltd.	6,843,953.97	482,102.58
Accounts receivable	Dalian Bingshan Wisdom Park Co., Ltd	6,779,040.11	2,315,259.55
Accounts receivable	Dalian Fuji Bingshan Vending Machine Co., Ltd	4,694,192.49	329,532.31
Accounts receivable	Alphavita Bio-scientific (Dalian) Co., Ltd.	2,894,365.08	232,267.21
Accounts receivable	Linde Hydrogen Fueltech (Dalian) Co., Ltd	1,539,244.44	136,865.17
Accounts receivable	MHI Bingshan Refrigeration (Dalian) Co.,Ltd.	1,381,095.17	101,569.87
Accounts receivable	Dalian Health and Wellness Industry Group Co., Ltd	1,295,691.15	216,898.70
Accounts receivable	PT BINGSHAN MAKMUR INDONESIA	451,337.50	31,683.89
Accounts receivable	Dalian Bingshan Group Huahuida Financial Leasing Co.,Ltd	432,562.50	30,365.89
Accounts receivable	Linde Engineering (Dalian) Co., Ltd.	22,144.33	3,706.96
Accounts receivable	Dalian Shentong Electric Co., Ltd	2,202.00	154.58
Contract asset	Bingshan Technology Service (Dalian) Co., Ltd.	598,400.65	19,262.80
Contract asset	Sonyo Cold Chain (Dalian)Co.Ltd	6,200.00	435.24
Other receivable	Bingshan Technology Service (Dalian) Co., Ltd.	400,000.00	14,640.00
Other receivable	Wuhan Scarf Power Control Equipment Co., Ltd.	12,748.03	466.58
Prepayment	Dalian Shentong Electric Co., Ltd	6,639,791.89	-
Prepayment	BAC Dalian Co., Ltd	385,423.52	-
Prepayment	Shanghai Jingxue Energy-Saving Technology Co., Ltd.	383,059.40	-

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Item	Related party	Closing Balance	
		Book Balance	Bad debt Provision
Prepayment	Company under direct/indirect Control of Panasonic Co.,Ltd	336,456.94	-
Prepayment	Jiangsu Jingxue Insulation Technology Co.,Ltd.	125,062.72	-
Prepayment	Dalian Fuji Bingshan Control System Co., Ltd.	113,072.02	-
Prepayment	Sonyo Cold Chain (Dalian)Co.Ltd	58,800.00	-
Prepayment	Dalian Bingshan Group Huahuida Financial Leasing Co.,Ltd	221.70	-

(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

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Item	Related party	Opening Balance	
		Book Balance	Bad debt Provision
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	34,252,465.26	51,228,592.31
Accounts Payable	Sonyo Cold Chain (Dalian)Co.,Ltd	33,900,564.23	18,271,180.03
Accounts Payable	Bingshan Technology Service (Dalian) Co., Ltd.	14,357,617.55	742,017.35
Accounts Payable	Dalian Bingshan Metal Technology Co.,Ltd	10,536,738.90	11,802,602.36
Accounts Payable	BAC Dalian Co., Ltd	10,433,242.08	14,755,585.47
Accounts Payable	Dalian Honjo Chemical Co., Ltd.	3,006,167.36	7,135,583.64
Accounts Payable	Dalian Shentong Electric Co., Ltd	1,410,292.94	1,758,722.25
Accounts Payable	Company under direct/indirect Control of Panasonic Co.,Ltd	1,322,559.18	1,167,608.32

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Item	Related party	Closing Balance	Opening Balance
Accounts Payable	Jiangsu Jingxue Insulation Environmental Engineering Co.,Ltd	1,017,525.00	2,026,200.00
Accounts Payable	Dalian Bingshan Part Technology Co.,LTD	1,309,278.51	4,717,413.12
Accounts Payable	Dalian Fuji Bingshan Control System Co., Ltd.	528,991.64	322,272.97
Accounts Payable	Dalian Fuji Bingshan Vending Machine Co., Ltd	23,514.79	5,907.73
Accounts Payable	Dalian Spindle Environmental Facilities Co., Ltd	-	498,527.44
Accounts Payable	Jiangsu Jingxue Insulation Environmental Engineering Co.,Ltd	-	207,616.60
Other payable	Dalian State-owned Assets Investment and Management Group Co.,Ltd.	3,639,632.23	434,356.75
Other payable	Dalian Fuji Bingshan Control System Co., Ltd.	1,340,000.00	-
Other payable	Company under direct/indirect Control of Panasonic Co.,Ltd	1,015,476.74	3,416,919.14
Other payable	Dalian Jingxue Freezing Equipment Co., Ltd.	70,000.00	70,000.00
Other payable	Wuhan Scarf Power Control Equipment Co., Ltd.	65,495.00	-
Other payable	Sanyo Corporation	19,249.06	63,232.42
Other payable	Dalian Bingshan Group Huayida Commercial Factoring Co., Ltd.	-	7,986,275.11
Other payable	Dalian Bingshan Group Huahuida Financial Leasing Co., Ltd.	-	5,500,000.00
Other payable	Bingshan Technology Service (Dalian) Co., Ltd.	-	14,946.50
Long-term payable	Dalian Bingshan Group Huahuida Financial Leasing Co., Ltd.	18,175,681.99	2,649,273.56
Long-term payable	Dalian Bingshan Group Huayida Commercial Factoring Co., Ltd.	670,104.64	1,557,654.53
Non-current liability due within 1 year	Dalian Bingshan Group Huahuida Financial Leasing Co., Ltd.	6,388,277.92	5,898,294.48
Non-current liability due within 1 year	Dalian Bingshan Group Huayida Commercial Factoring Co., Ltd.	6,103,062.21	9,107,732.23
Short-term borrowing	Dalian Bingshan Group Huayida Commercial Factoring Co., Ltd.	11,383,996.49	3,790,267.28
Contract liability	Dalian Honjo Chemical Co., Ltd.	266,308.00	10,626.23
Contract liability	Sonyo Cold Chain (Dalian)Co.,Ltd	190,455.04	15,258.81
Contract liability	Company under direct/indirect Control of Panasonic Co.,Ltd	14,845.32	132,587.77

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Item	Related party	Closing Balance	Opening Balance
Contract liability	Dalian Fuji Bingshan Control System Co., Ltd.	-	38,509.12
Other current liability	Sonyo Cold Chain (Dalian)Co.,Ltd	24,759.15	1,983.64
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	Dalian Honjo Chemical Co., Ltd.	-	1,381.41

iv. Related Party Commitment

None

v. Others

None

XIII. Share-Based Payment

None

XIV. Contingency & commitment

1. Commitment

None

2. Contingency

The Company sold water chillers and heat pump equipment to Shandong Jiechuang Energy Technology Co., Ltd. (“Shandong Jiechuang”) by way of financial lease. A purchase contract and a financial lease contract were signed by three parties, under which the Company acts as the seller, Huahuida acts as the purchaser and lessor, and Shandong Jiechuang acts as the lessee. The total contract value is RMB 6.9980 million. Shandong Jiechuang has paid a 10% down payment, with the remaining RMB 6.2982 million as the subject amount under the contract. In the event that the lessee delays rental payments, the Company shall be obligated to advance the rental payments and perform the repurchase obligation. The shareholders of Shandong Jiechuang and relevant natural persons have issued an unconditional and irrevocable joint liability counter-guarantee in favor of the Company, covering all debts guaranteed by the Company in connection with such financial lease sales. As at December 31, 2025, the balance of guarantee obligations undertaken by

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the Company in respect of this financial lease amounts to RMB 1.2072 million.

The Company sold refrigeration equipment, air conditioners and production line equipment to Shanxi Yiming Food Co., Ltd. (“Shanxi Yiming”) by way of financial lease. A purchase contract and a financial lease contract were signed by three parties, under which the Company acts as the seller, Huahuida acts as the purchaser and lessor, and Shanxi Yiming acts as the lessee. The total contract value is RMB 10.4361 million. In the event that the lessee delays rental payments, the Company shall be obligated to advance the rental payments and perform the repurchase obligation. The shareholders of Shanxi Yiming and relevant natural persons have issued an unconditional and irrevocable joint liability counter-guarantee in favor of the Company, covering all debts guaranteed by the Company in connection with such financial lease sales. As at December 31, 2025, the balance of guarantee obligations undertaken by the Company in respect of this financial lease amounts to RMB 1.5198 million.

Dalian Bingshan Ryshe Quick Freezing Equipment Co., Ltd. (“Bingshan Ryshe”), a subsidiary of the Company, sold refrigeration equipment to Jilin Fuyu Agricultural Technology Co., Ltd. (“Jilin Fuyu”) by way of financial lease. A purchase contract and a financial lease contract were signed by three parties, under which Bingshan Ryshe acts as the seller, Huahuida acts as the purchaser and lessor, and Jilin Fuyu acts as the lessee. The total contract value is RMB 20.5000 million. In the event that the lessee delays rental payments, Bingshan Ryshe shall be obligated to advance the rental payments and perform the repurchase obligation. The shareholders of Jilin Fuyu and relevant natural persons have issued an unconditional and irrevocable joint liability counter-guarantee in favor of Bingshan Ryshe, covering all debts guaranteed by Bingshan Ryshe in connection with such financial lease sales. As at December 31, 2025, the balance of guarantee obligations undertaken by Bingshan Ryshe in respect of this financial lease amounts to RMB 9.1385 million.

As at December 31, 2025, the aggregate balance of guarantee obligations arising from financial leases of the Group amounts to RMB 11.8655 million. No circumstances have occurred where the Group is required to assume guarantee liability due to defaults by lessees.

As at December 31, 2025, other than the above matters, there are no material contingencies of the Group that require disclosure.

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XV. Events after the Balance Sheet Date**1. Unadjusted significant events**

Approved by the Board of Directors and relevant authorities, Sonyo Compressor completed the equity transfer with Dalian Bingshan Group Co., Ltd. (the ultimate controlling party) on January 21, 2026, by acquiring 100% equity interest of Dalian Bingshan PAT Technology Co., Ltd. at a consideration of RMB 1,420,000.00.

Since both Sonyo Compressor and Dalian Bingshan PAT Technology Co., Ltd. were under the ultimate control of Dalian Bingshan Group Co., Ltd. before and after the consolidation, this combination constitutes a business combination under common control. Pursuant to the requirements of Accounting Standards for Business Enterprises No. 29 - Events After the Balance Sheet Date, this event is a non-adjusting event after the balance sheet date. Accordingly, the Company's financial statements as of December 31, 2025, do not include the relevant information of Dalian Bingshan PAT Technology Co., Ltd.

2. Information about profit distribution

Item	Content
Planned profit/ dividend distribution	42,160,625.35
Profit/dividend approved for distribution declaration	The 9 th Meeting of the 10 th Board of Directors of the Company held on April 22, 2026 reviewed and approved the profit distribution proposal for the year 2025. Based on the total share capital of 843,212,507 shares, a cash dividend of RMB 0.50 per 10 shares (tax inclusive) shall be distributed to all shareholders, and cash dividends on B-shares shall be converted and paid in Hong Kong dollars.

3. Sales Return

There is no significant sales return after the balance sheet date.

4. Others

Except the subsequent event disclosed above, the Company has no other significant subsequent event.

XVI. Other Significant Events

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1. Error correction and effect in previous period

None.

2. Debt Restructuring

None.

3. Asset exchange

(1) The exchange of non-monetary assets

None.

(2) The exchange of other assets

None.

4. Annuity Plan

None.

5. Operation termination

None.

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.

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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:

Items	Northeast China	Central China	Offset	Total
1. Operating income	4,753,827,371.93	234,296,001.45	-590,028,984.32	4,398,094,389.06
2. Cost	4,042,535,750.87	193,548,477.59	-579,338,892.33	3,656,745,336.13
Including: Depreciation and amortization expenses	132,049,243.65	7,528,026.15	-	139,577,269.80
3. Impairment losses on assets	-17,374,479.50	-4,886,398.66	172,044.60	-22,088,833.56
4. Impairment losses on credit assets	-52,501,372.60	3,838,377.02	-900,535.89	-49,563,531.47
5. Investment income from associates and joint venture	36,222,568.84	322,459.13	-5,462,078.77	31,082,949.20
6. Operating profits(loss)	240,873,674.04	307,319.82	-169,929,425.16	71,251,568.70
7. Income tax	3,874,616.34	1,462,843.20	652,832.36	5,990,291.90
8. Net profit(loss)	236,999,057.70	-1,155,523.38	-170,582,257.52	65,261,276.80
9. Total assets	10,058,891,047.60	506,085,000.70	-2,968,439,669.55	7,596,536,378.75
10. Total liabilities	4,707,615,979.75	437,356,723.04	-761,195,047.72	4,383,777,655.07

(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.

XVII. 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	329,107,924.75	252,493,482.65
1-2 years	96,447,719.64	168,666,036.29

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Aging	Closing Balance	Opening Balance
2-3 years	44,816,338.73	55,975,990.70
Over 3 years	193,088,054.03	148,746,595.23
Including:3-4 years	47,569,524.37	38,330,982.87
4-5 years	24,935,003.49	55,105,024.02
Over 5 years	120,583,526.17	55,310,588.34
Total	663,460,037.15	625,882,104.87

(2) Accounts receivable category

Item	Closing Balance				Booking value
	Booking balance		Provision		
	Amount	%	Amount	%	
Bad debt provision on group	663,460,037.15	100.00	200,127,593.93	30.16	463,332,443.22
(1) Accounting age as characters	450,095,572.09	67.84	200,127,593.93	44.46	249,967,978.16
(2) Related party within consolidation scope	213,364,465.06	32.16	-	-	213,364,465.06
Total	663,460,037.15	100.00	200,127,593.93	30.16	463,332,443.22

(Continued)

Item	Opening Balance				Booking balance
	Booking balance		Provision		
	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

1) Bad debt provisions on group basis

Aging	Closing Balance
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	Accounts receivable	Provision for bad debts	Drawing Proportion (%)
Within 1 year	115,743,459.69	8,125,190.87	7.02
1-2 years	96,447,719.64	16,145,348.27	16.74
2-3 years	44,816,338.73	13,816,877.23	30.83
3-4 years	47,569,524.37	23,466,046.37	49.33
4-5 years	24,935,003.49	17,990,605.02	72.15
Over 5 years	120,583,526.17	120,583,526.17	100.00
Total	450,095,572.09	200,127,593.93	—

(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	16,118,885.45	-	-	25,091,465.33	200,127,593.93
Total	158,917,243.15	16,118,885.45	-	-	25,091,465.33	200,127,593.93

(4) Top 5 receivable and contract assets

Based on closing balance ranking, sum of the top five significant receivable and contract asset are 348,181,036.53Yuan, representing 52.48% of total receivables and contract asset at the year end 76,267,063.05Yuan bad debt provision is provided respectively.

2. Other Receivables

Item	Closing Balance	Opening Balance
Dividend receivable	160,000,000.00	100,000,000.00
Other receivable	31,936,403.02	28,957,016.22
Total	191,936,403.02	128,957,016.22

2.1 Dividend receivable

Item	Closing Balance	Opening Balance
Sonyo Compressor (Dalian)Co.,Ltd.	160,000,000.00	100,000,000.00
Total	160,000,000.00	100,000,000.00

2.2 Other receivable

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(1) The category of other receivables

Items	Closing Balance	Opening Balance
Receivables and payables	21,672,864.74	20,032,160.00
Deposits	10,098,294.00	7,181,055.11
Petty cash	802,756.27	904,835.68
Others	283,625.00	1,306,589.74
Total	32,857,540.01	29,424,640.53

(2) Other receivable listed by account aging

Aging	Closing Balance	Opening Balance
Within 1 year	6,364,219.32	4,758,618.79
1-2 years	2,169,795.06	1,177,004.63
2-3 years	906,004.63	1,805,617.00
Over 3 years	23,417,521.00	21,683,400.11
3-4 years	1,755,617.00	115,000.00
4-5 years	50,000.00	20,210,000.00
Over 5 years	21,611,904.00	1,358,400.11
Total	32,857,540.01	29,424,640.53

(3) Other receivable classified by provision method

Item	Closing Balance				Booking value
	Booking balance		Provision		
	Amount	%	Amount	%	
Bad debt provision on individual	-	-	-	-	-
Bad debt provision on group	32,857,540.01	100.00	921,136.99	2.80	31,936,403.02
(1) Accounting age as characters	12,857,540.01	39.13	921,136.99	7.16	11,936,403.02
(2) Related party within consolidation scope	20,000,000.00	60.87	-	-	20,000,000.00
Total	32,857,540.01	100.00	921,136.99	2.80	31,936,403.02

(continued)

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Item	Opening Balance				Booking value
	Booking balance		Provision		
	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
(1) Accounting age as characters	9,392,480.53	31.92	467,624.31	4.98	8,924,856.22
(2) 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

1) Bad debt provisions on group basis

Aging	Closing Balance		
	Accounts receivable	Provision for bad debts	Drawing Proportion (%)
Within 1 year	6,364,219.32	232,930.43	3.66
1-2 years	2,169,795.06	197,813.50	9.12
2-3 years	906,004.63	33,994.68	3.75
3-4 years	1,755,617.00	64,255.58	3.66
4-5 years	50,000.00	1,830.00	3.66
Over 5 years	1,611,904.00	390,312.80	24.21
Total	12,857,540.01	921,136.99	—

2) The bad debt provision of other receivable

bad debt provision	1 st stage	2 nd stage	3 rd stage	Total
	Expected credit loss within 12 months	Expected credit loss within the whole period(no impairment)	Expected credit loss within the whole period(impairment incurred)	
Opening balance	339,059.31	-	128,565.00	467,624.31
Opening balance during the year	—	—	—	—
--transfer to the 2 nd stage				
--transfer to the				

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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)	
3 rd stage				
--reverse to the 2 nd stage				
---reverse to the 1 st stage				
Accrued	83,359.21			83,359.21
Reverse			125,182.99	125,182.99
Cancelation				
Written off				
Other movement			495,336.46	495,336.46
Closing balance	422,418.52		498,718.47	921,136.99

(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	83,359.21	125,182.99	-	495,336.46	921,136.99
Total	467,624.31	83,359.21	125,182.99	-	495,336.46	921,136.99

(5) Other receivables from the top 5 debtors

Name	Category	Closing Balance	Aging	% of the total	Closing Balance of Provision
Wuhan New World Refrigeration Industrial Co., Ltd	Receivable	20,000,000.00	Over5 years	60.87	—
Deta Town Gas	Other deposit	1,100,000.00	Over5 years	3.35	40,260.00
Inner Mongolia Daquan New Energy Co., Ltd	Bid deposit	800,000.00	3-4 years	2.43	29,280.00

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Name	Category	Closing Balance	Aging	% of the total	Closing Balance of Provision
Xinjiang Jinghui New Materials Co., Ltd	Bid deposit	800,000.00	2-3 years	2.43	29,280.00
Xinjiang Zhongxin Huantai Energy Co., Ltd.	Others	800,000.00	Within 1 year	2.43	29,280.00
Total	—	23,500,000.00	—	71.51	128,100.00

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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		
Dalian Universe Thermal Technology Co.,Ltd	48,287,589.78	-	-	-	-	48,287,589.78	-
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	-	10,000,000.00	20,722,428.15	-	2,422,108,433.14	-

Note: During the year, Dalian Bingshan Group Sales Co., Ltd. was merged into the Company.

(2) Joint ventures& affiliated companies

Investee	Beginning balance	Provision for impairment at beginning of year	Increase/Decrease					Ending balance	Provision for impairment at year end
			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		

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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	-	-	394,540.20	-	-	-	-	-	-	8,856,645.93	-
Keinin-Grand Ocean Thermal Technology (Dalian) Co., Ltd	53,322,286.73	-	-	-3,708,228.87	-	-	-	-	-	-	49,614,057.86	-
Dalian Fuji Bingshan Vending Machine Co., Ltd	67,096,098.78	-	-	23,465.56	-	-	-	-	-	-	67,119,564.34	-
MHI Bingshan Refrigeration (Dalian) Co., Ltd.	16,746,474.97	-	-	306,576.57	-	-	-	-	-	-	17,053,051.54	-
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	-	-	31,050,455.59	-	-	-	-	28,059,800.96	-	138,895,377.85	-
Dalian Bingshan Group Huahuida Financial Leasing Co., Ltd	46,632,671.24	-	-	* **	-	-	-	-	547,301.29	-	* **	-
Total	473,699,761.22	-	-	30,662,879.69	-	-	-	-	31,827,446.25	-	472,535,194.66	-

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4. Operating revenue and cost

Item	Current year		Last year	
	Revenue	Cost	Revenue	Cost
Revenue from main operation	775,032,365.27	685,563,559.66	659,943,953.87	583,283,354.16
Revenue from other operation	36,806,542.64	22,235,361.61	36,515,698.20	21,115,829.87
Total	811,838,907.91	707,798,921.27	696,459,652.07	604,399,184.03

5. Investment income

Items	Current year	Last year
Long-term equity investment gain under cost method	168,906,225.13	106,062,894.23
Long-term equity investment gain under equity method	30,662,879.69	29,697,030.53
Gain from holding of other non-current financial assets	-	5,400,504.40
Gain from disposal of other non-current financial assets	-	33,277,105.94
Discounting fees for bank acceptance note	-41,186.79	-159,492.41
Gain on debt restructuring	702,703.81	-130,005.76
Total	200,230,621.84	174,148,036.93

6. Others

None

XVIII. Supplementary Information to the Financial Statements

1. Non-operating profit or loss

Items	Current year	Notes
Gain or loss from disposal of non-current assets (including written off part of the impairment provision)	-1,787,313.71	
Government grants recorded into profit or loss	16,749,857.95	
The gain or loss of fair value changes arising from the holding of financial assets and financial liabilities by non-financial enterprises and the loss or profit arising from the disposal of them, apart from the effective hedging for the normal business operation.	-	
Expenses for using funds from non-financial institution recognized in current profit/loss	-	

BINGSHAN REFRIGERATION & HEAT TRANSFER TECHNOLOGIES CO., LTD

Notes to financial statements

January 1, 2025 to December 31, 2025

(The currency is in RMB Yuan except otherwise indicated)

(English translation for reference only)

Items	Current year	Notes
Profits/loss from investments or management of assets entrusted by others	-	
Investment income on entrusted loan	-	
Assets impairment provision accrued due to force majeure, e.g.: suffering natural disasters	-	
Reversal of impairment provision of accounts receivable separately tested for impairment	4,200,691.37	
Gains from acquisition of subsidiary or associates when initial cost is less than the fair value of identifiable net asset of invested company	-	
Net gain/loss of subsidiary from combination under same control between the beginning of year and consolidation date.	-	
Profits/loss from non-monetary assets exchange	-	
Profit or loss from debts restructuring	470,096.32	
One-off expenses incurred for discontinued operation activities such as the expense of relocating employees	-4,513,028.93	
Effects of gain/loss from one-off adjustments of gain/loss based on laws and regulations of taxation and accounting.	-	
Share payment arising from the cancellation or modification of share incentive plans	-	
For cash settled share payment, gains and losses arising from changes in the fair value of employee payable after the exercise date	-	
The profits/gains from changes of fair value for investment property subsequently measured at fair value model	-	
Gain/loss on excessive part from the transaction where the trading price is obviously unfair.	-	
Gains/ loss from contingencies beyond the normal business	-	
Custodian fees obtained from entrusted operations	-	
Non-operating revenue and expense besides the above items	4,142,445.41	
Other profit or loss	-	
Subtotal	19,262,748.41	
Effect on income tax	1,347,472.62	
Attributable to minority shareholders' equity (after tax)	-110,745.07	
Total	18,026,020.86	

BINGSHAN REFRIGERATION & HEAT TRANSFER TECHNOLOGIES CO., LTD

Notes to financial statements

January 1, 2025 to December 31, 2025

(The currency is in RMB Yuan except otherwise indicated)

(English translation for reference only)

2. 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	1.94	0.07	0.07
Net profit after deducting non-recurring gains and losses attributable to shareholders of parent company	1.37	0.05	0.05

Bingshan Refrigeration & Heat Transfer Technologies Co., Ltd

April 22, 2026





THE CHINESE INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
中国注册会计师协会

注册税务师变更事项登记
Registration of the Change of Working Unit by a CPA

同意调出
Agree the holder to be transferred from

同意调入
Agree the holder to be transferred to



姓名 隋国军
Full name

性别 男
Sex

出生日期 1966-09-05
Date of birth

工作单位 大连华连会计师事务所
Working unit

身份证号码 210211660905585
Identity card No.

辽宁省注册会计师协会
辽宁省注册会计师协会
辽宁省注册会计师协会

2017年12月
2017年12月31日

2017年12月
2017年12月31日

2017年12月
2017年12月31日




隋国军 21020022003

2020年度
CPA年检
辽宁注协检(2)
8月31日

年度检验登记
Annual Renewal Registration

2017年度
CPA年检合格
辽宁注协检(2)
3月8日

本证书经检验合格，继续有效一年。
This certificate is valid for another year after this renewal.

年 检 通 过

辽宁省注册会计师协会
辽宁省注册会计师协会
辽宁省注册会计师协会

2016年4月10日
年检专用章




隋国军 21020022003

证书编号: 21020022003
No. of Certificate


批准注册协会: 辽宁省注册会计师协会
Authorized Institute of CPAs

发证日期: 1994 年 5 月 9 日
Date of Issuance /y /m /d

1305



THE CHINESE INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
中国注册会计师协会



姓名: 张世卓
Full name: Zhang Shizhao

性别: 男
Sex: Male

出生日期: 1980年08月19日
Date of birth: 1980-08-19


工作单位: 信永中和会计师事务所 (特殊普通合伙) 大连分所
Working unit: Xinyongzhonghe CPAs (Special General Partnership) Dalian Branch

身份证号码: 210204198008190294
Identity card No.: 210204198008190294

年度检验登记
Annual Renewal Registration

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证书号: 110101365107

年 月 日
Year Month Day

2019年度
CPA年检合格
Annual Renewal Registration
5月31日

2016年度CPA
辽宁注册协检(2)

2017年度
CPA年检合格
辽宁注册协检(2)
3月1日



注册会计师任职资格审查
[注册号: 201828号]

2018 检

浙江注册会计师协会

2020年
CPA年检合格
辽宁注册协检(2)
8月31日

2021年
CPA年检合格
辽宁注册协检(2)
9月1日

证书编号: 110101365107
No. of Certificate: 110101365107

批准注册协会: 辽宁省注册会计师协会
Authorized Institute of CPAs: Liaoning Institute of CPAs

发证日期: 2015年04月27日
Date of Issuance: 2015-04-27

批准: 2015年04月27日
批注: 2015年04月27日


注册会计师工作单位变更事项登记
Registration of the Change of Working Unit by a CPA

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Stamp of the transfer-out Institute of CPAs

2017年12月11日



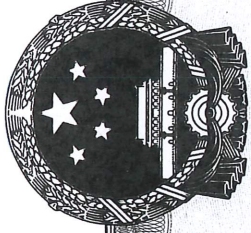
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Stamp of the transfer-out Institute of CPAs

2017年12月29日

事务所
CPAs

2018年12月17日





营业执照

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名称 信永中和会计师事务所(特殊普通合伙)

类型 特殊普通合伙企业

执行事务合伙人 李晓英、宋朝华、谭小清

出资额 6000 万元

成立日期 2012 年 03 月 02 日

主要经营场所 北京市东城区朝阳门北大街8号富华大厦
A座8层



经营范围

许可项目：注册会计师业务；代理记账。（依法须经批准的项目，经相关部门批准后方可开展经营活动，具体经营项目以相关部门批准文件或许可证件为准）一般项目：企业管理咨询；税务服务；破产清算服务；业务培训（不含教育培训、职业技能培训等需取得许可的培训）；信息咨询服务（不含许可类信息咨询服务）；技术转让、技术推广；软件开发、技术咨询、技术交流、技术服务；网络与信息安全软件开发；信息系统集成服务；信息技术咨询服务；数据处理服务；计算机软硬件及辅助设备零售。（除依法须经批准的项目外，凭营业执照依法自主开展经营活动）

登记机关



2026年 01月 21日



会计师事务所

执业证书



名称：信永中和会计师事务所(特殊普通合伙)

首席合伙人：谭小青

主任会计师：

经营场所：北京市东城区朝阳门北大街8号富华大厦A座8层

组织形式：特殊普通合伙

执业证书编号：11010136

批准执业文号：京财会许可[2011]0056号

批准执业日期：2011年07月07日

证书序号：0014624

说明

- 1、《会计师事务所执业证书》是证明持有人经财政部门依法审批，准予执行注册会计师法定业务的凭证。
- 2、《会计师事务所执业证书》记载事项发生变动的，应当向财政部门申请换发。
- 3、《会计师事务所执业证书》不得伪造、涂改、出租、出借、转让。
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发证机关：北京市财政局

二〇一一年七月五日

中华人民共和国财政部制