

## Bingshan Refrigeration & Heat Transfer Technologies Co., Ltd. QUARTERLY REPORT FOR THIRD QUARTER, 2021

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

### Important Notes

1. The directors and the Board of Directors, the supervisors and the Supervisory Board, and Senior staff members of Bingshan Refrigeration & Heat Transfer Technologies Co., Ltd. (hereinafter referred to as the Company) hereby confirm that there are no any important omissions, fictitious statements or serious misleading carried in this report, and shall take all responsibilities, individual and/or joint, for the reality, accuracy and completeness of the whole contents.
2. Chairman of the Board of Directors of the Company Mr. Ji Zhijian, Financial Majordomo Mrs. Wang Jinxiu and the head of Accounting Department Mr. Li Sheng hereby confirm that the financial report of the quarterly report is true and complete.
3. The Company's quarterly financial report has not been audited.

### §1 Major accounting data and changes of shareholders

#### 1.1 Major accounting data and financial indexes

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

Yes  No

	2021.7-9	2020.7-9	Increase/decrease over 2020.7-9	2021.1-9	2020.1-9	Increase/decrease over 2020.1-9
Total operating income	657,628,182.17	462,998,187.84	42.04%	1,751,913,803.14	1,336,401,602.30	31.09%
Net profit attributable to parent company	-26,965,424.33	27,947,259.43	-196.49%	-41,549,634.34	4,342,913.91	-1,056.72%
Net profit attributable to parent company after deducting non-recurring gains/losses	-39,026,942.89	10,312,723.62	-478.43%	-50,909,617.50	2,055,728.63	-2,518.00%
Net cash generated from operating activities	-	-	-	4,865,672.01	-96,748,498.60	105.03%
Basic earnings per share	-0.030	0.033	-196.97%	-0.049	0.005	-1,080.00%
Diluted earnings per share	-0.030	0.033	-196.97%	-0.049	0.005	-1,080.00%
Weighted average return on net asset yield	-0.80%	0.83%	Decrease 1.63 percentage points	-1.20%	0.13%	Decrease 1.33 percentage points
	2021.9.30			2020.12.31		Increase/decrease over 2020.12.31
Total assets	5,861,887,990.24			5,681,568,328.36		3.17%
Shareholder's equity attributable to parent company	3,309,504,058.37			3,375,609,788.07		-1.96%

In the first three quarters of 2021, the Company's net profit is in the red, mainly due to the following reasons: 1. In the first three quarters of this year, the Company took the initiative to reform its main business, promoted engineering and manufacturing in an orderly way, and specialized and deeply cultivated advantageous market segments. Operating revenue increased by 31.09% year on year, but under the influence of rising raw material prices and intensified market competition, gross profit margin decreased by 2.77 percentage points year on year. 2. Among the associated enterprises of the Company, due to the implementation of the new financial instrument standards of the Sino-foreign joint ventures from January 1, 2021, the provision of credit impairment losses increased significantly, and the Company's investment income to the associated enterprises decreased by 34.93 million yuan

#### 1.2 Non-recurring profits and losses and their amounts

Item of non-recurring gains and losses	Amount of this report period	Amount from beginning of year to the end of report period
Profit and loss from disposal of non-current assets	18,777.67	27,171.60
Government subsidies which were included in the current profits and losses	445,847.54	1,360,302.53
Debt restructuring gains and losses	859,297.68	859,297.68
Disposal gains from investments on financial assets available for sale, and gains from fair value change of other non-current financial assets	8,692,167.86	3,657,264.74
Other non-operating incomes and expenses except the above mentioned	4,137,615.45	5,515,024.78
Income tax effects	2,100,116.65	1,729,462.92
Minority equity interests effects (after tax)	-7,929.01	329,615.25
Total	12,061,518.56	9,359,983.16

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

√ Applicable □ Inapplicable

- (1). Accounts paid in advance increased 64.54% compared with the beginning of the year, mainly due to the increase of orders in this period, especially the increase of engineering projects, and the need to advance payment to suppliers.
- (2). Other receivables decreased 49.72% compared with the beginning of the year, mainly due to received the equity transfer price of Bingshan Consulting Phase II.
- (3). Inventory increased 21.33% compared with the beginning of the year, mainly due to the new revenue recognition rules make some goods issued and unfinished construction projects temporarily unable to carry forward income; Based on the large increase in orders, projects under construction and WIP input increased significantly.
- (4). Other current assets decreased 34.86% compared with the beginning of the year, mainly due to the adjustment of the value added tax retention allowance changes.
- (5). Accounts payable increased 36.81% compared with the beginning of the year, mainly due to the increase of purchase orders, related purchases did not arrive at the agreed payment node.
- (6). Salary payable decreased 60.76% compared with the beginning of the year, mainly due to the payment of provision employee compensation of last period-end during the reporting period.
- (7). Operating sales increased 31.09% on a year-on-year basis, mainly due to the Company's specialization and deep cultivation advantages of market segments to achieve better results.
- (8). Operating cost increased 35.37% on a year-on-year basis, mainly due to the increase in operating income, as well as raw material prices.
- (9). Selling and distribution expenses increased 44.06% on a year-on-year basis, mainly due to increased market expansion in the current period and limited normal sales activities due to the outbreak of COVID-19 in the same period last year.
- (10). R&D expenses increased 40.39% on a year-on-year basis, mainly due to the increase in operating income and corresponding increase in R&D investment.
- (11). Financial expenses decreased 33.79% on a year-on-year basis, mainly due to the decrease of loans.
- (12). Net cash flows arising from operating activities increased 101.61 million yuan, on a year-on-year basis, mainly due to the increase in cash received from merchandise sales.
- (13). Net cash flows arising from financing activities decreased 74.35 million yuan on a year-on-year basis, mainly due to the reduction of working capital loans, the cash received for borrowing decreased and the cash paid for debt repayment increased.

### 2. Shareholders' information

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

Total number of shareholders in the reporting period	39,977	Total number of shareholders as of the last month before disclosure of the annual report	0		
Shareholding of top ten shareholders					
Name	Nature	Proportion	Total number	Number of shares with sale restriction	Number of pledged shares or shares frozen

Dalian Bingshan Group Co., Ltd.	Domestic non-state-owned legal person	20.27%	170,916,934		
Sanyo Electric Co., Ltd.	Overseas legal person	8.72%	73,503,150		
Lin Zhenming	Foreign natural person	0.80%	6,740,000		
Zhang Sufen	Domestic natural person	0.74%	6,260,000		
Wang Shaohong	Domestic natural person	0.55%	4,654,200		
Wu An	Domestic natural person	0.53%	4,500,000		
Zhang Hui	Domestic natural person	0.46%	3,860,015		
Fu Hui	Domestic natural person	0.45%	3,762,868		
Xue Hong	Domestic natural person	0.42%	3,570,000		
Dalian industrial development investment Co., Ltd.	Domestic non-state-owned legal person	0.40%	3,406,725		
Shareholding of top ten shareholders without sale restriction					
Name		Number of shares without sale restriction		Type of shares	
Dalian Bingshan Group Co., Ltd.		170,916,934		RMB denominated ordinary shares	
Sanyo Electric Co., Ltd.		73,503,150		Domestically listed foreign shares	
Lin Zhenming		6,740,000		Domestically listed foreign shares	
Zhang Sufen		6,260,000		RMB denominated ordinary shares	
Wang Shaohong		4,654,200		RMB denominated ordinary shares	
Wu An		4,500,000		Domestically listed foreign shares	
Zhang Hui		3,860,015		RMB denominated ordinary shares	
Fu Hui		3,762,868		RMB denominated ordinary shares	
Xue Hong		3,570,000		Domestically listed foreign shares	
Dalian industrial development investment Co., Ltd.		3,406,725		RMB denominated ordinary shares	
Notes to the associated relationship and uniform actions of the above shareholders		Dalian Bingshan Group Co., Ltd. had the association relationship with Sanyo Electric Co., Ltd. among the above shareholders. Sanyo Electric Co., Ltd. holds 26.6% of Dalian Bingshan Group Co., Ltd.'s equity.			

At the end of the report period, the total number of shareholders of the Company was 39,977, including 32,312 A-share shareholders and 7,665 B-share shareholders.

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

Yes  No

### §3 Other important Matters

During the reporting period, the Company sold 1,700,000 shares of Guotai Junan at an average selling price of 19.30 yuan per share. After the sale, the Company holds Guotai Junan shares 11,210,008 shares.

## §4 Financial Statements

### CONSOLIDATION BALANCE SHEET

Prepared by Bingshan Refrigeration & Heat Transfer Technologies Co., Ltd. September 30, 2021 Unit: RMB Yuan

Items	30-Sep-2021	31-Dec-2020
Current assets:		
Monetary funds	350,507,661.16	373,445,731.67
Financial assets which are measured by fair value and which changes are recorded in current profit and loss		
Derivative financial assets		
Transaction financial assets		
Notes receivable	104,899,644.08	139,121,037.78
Accounts receivable	919,233,029.01	817,011,955.75
Receivables financing	50,894,081.37	61,737,282.56
Accounts paid in advance	254,185,752.90	154,481,509.35
Other receivables	33,953,850.71	67,527,176.86
Interest receivables	890,207.24	46,879.68
Dividend receivable	2,390,723.75	25,923.75
Inventories	887,715,500.62	731,658,797.98
Contract assets	101,072,065.05	91,430,011.60
Assets held for sale		
Non-current asset due within one year	31,381,785.92	42,003,576.60
Other current assets	15,121,186.78	23,214,091.44
Total current assets	2,748,964,557.60	2,501,631,171.59
Non-current assets:		
Finance asset held available for sales		
Held-to-maturity investment		
Long-term account receivable	62,846,409.09	65,867,973.25
Long-term equity investment	1,591,335,837.19	1,597,241,363.62
Other Non-current financial assets	212,766,101.23	239,304,098.83
Investment property	121,733,404.00	126,288,477.92
Fixed assets	844,689,047.45	891,147,058.82
Construction in progress	34,194,018.48	34,254,599.42
Right of use assets	21,251,616.12	
Engineering material		
Disposal of fixed asset		
Productive biological asset		
Oil and gas asset		
Intangible assets	144,142,163.38	145,442,721.24
Expense on Research and Development		
Goodwill	1,750,799.49	1,750,799.49
Long-term expenses to be apportioned	8,572,848.05	9,660,538.07
Deferred income tax asset	69,641,188.16	68,979,526.11
Other non-current asset		
Total non-current asset	3,112,923,432.64	3,179,937,156.77
Total assets	5,861,887,990.24	5,681,568,328.36
Current liabilities:		

Short-term loans	239,770,000.00	282,971,600.00
Financial liabilities which are measured by fair value and which changes are recorded in current profit and loss		
Derivative financial liabilities		
Transaction financial liabilities		
Notes payable	363,174,678.21	295,151,372.38
Accounts payable	1,049,694,392.67	767,267,232.43
Accounts received in advance		
Contract liabilities	319,732,006.18	295,100,657.10
Wage payable	12,214,678.51	31,125,808.94
Taxes payable	10,953,008.80	9,714,194.25
Other accounts payable	32,691,393.45	43,017,466.38
Interest payable	2,320,000.06	1,839,166.81
Dividend payable	533,156.00	533,156.00
Liabilities held for sale		
Non-current liabilities due within one year	13,757,444.77	37,157,126.41
Other current liabilities	130,283,204.17	152,173,946.30
Total current liabilities	2,172,270,806.76	1,913,679,404.19
Non-current liabilities:		
Long-term loans	150,000,000.00	160,000,000.00
Bonds payable		
Preferred stock		
Perpetual bond		
Lease liability	18,352,509.03	
Long-term account payable	14,842,323.96	14,622,463.75
Long-term wage payable		
Special Payable		
Anticipation liabilities		7,592,239.01
Deferred income	101,502,893.88	104,457,568.86
Deferred income tax liabilities	28,299,665.19	32,010,364.83
Other non-current liabilities		
Total non-current liabilities	312,997,392.06	318,682,636.45
Total liabilities	2,485,268,198.82	2,232,362,040.64
Shareholders' equity		
Share capital	843,212,507.00	843,212,507.00
Other equity instruments		
Preferred stock		
Perpetual bond		
Capital public reserve	710,644,497.71	726,768,468.00
Less: Treasury stock		
Other comprehensive income	2,501,459.77	2,501,459.77
Special preparation		
Surplus public reserve	818,311,159.24	805,525,775.33
Generic risk reserve		
Retained profit	934,834,434.65	997,601,577.97
Total owner's equity attributable to parent company	3,309,504,058.37	3,375,609,788.07

Minority interests	67,115,733.05	73,596,499.65
Total owner's equity	3,376,619,791.42	3,449,206,287.72
Total liabilities and shareholder's equity	5,861,887,990.24	5,681,568,328.36

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

## CONSOLIDATION INCOME STATEMENT

Prepared by Bingshan Refrigeration & Heat Transfer Technologies Co., Ltd.      September 30, 2021      Unit: RMB Yuan

Items	January-September, 2021	January- September, 2020
I. Total sales	1,751,913,803.14	1,336,401,602.30
II. Total operating cost	1,818,095,119.51	1,377,192,596.04
Including: Operating cost	1,537,686,115.03	1,135,910,729.34
Taxes and associate charges	14,782,923.04	12,002,625.35
Selling and distribution expenses	91,119,255.32	63,251,592.88
Administrative expenses	108,999,166.58	110,494,420.86
R&D expenses	54,388,434.55	38,740,337.42
Financial expense	11,119,224.99	16,792,890.19
Including: interest expense	14,919,014.00	14,416,491.69
interest income	5,032,852.90	1,187,533.42
Add: Other income	1,360,302.53	6,605,737.40
Gain/(loss) from investment	19,064,313.18	56,407,749.06
Including: income from investment on affiliated enterprise and jointly enterprise	9,479,575.98	44,414,524.88
Gain/(loss) from change in fair value (loss as “-“)	3,754,002.40	-5,887,502.00
Credit impairment loss (loss as “-“)	-5,784,568.00	-17,224,475.88
Assets impairment loss (loss as “-“)	-8,258,805.29	
Gain/(loss) from asset disposal (loss as “-“)	27,171.60	191,798.01
III. Operating profit	-56,018,899.95	-697,687.15
Add: non-business income	7,547,220.30	2,602,750.06
Less: non-business expense	1,004,350.24	145,844.65
IV. Total profit	-49,476,029.89	1,759,218.26
Less: Income tax	-1,445,628.95	-1,927,158.87
V. Net profit	-48,030,400.94	3,686,377.13
(I) Net profit from continuous operation	-48,030,400.94	3,686,377.13
(II) Net profit from discontinuing operation		
Net profit attributable to parent company	-41,549,634.34	4,342,913.91
Minority shareholders’ gains and losses	-6,480,766.60	-656,536.78
VI. After-tax net amount of other comprehensive incomes		
After-tax net amount of other comprehensive incomes attributable to owners of the Company		
(I) Other comprehensive incomes that will not be reclassified into gains and losses		
1. Changes in net liabilities or assets with a defined benefit plan upon re-measurement		
2. Enjoyable shares in other comprehensive incomes in invests that cannot be reclassified into gains and losses under the equity method		
(II) Other comprehensive incomes that will be reclassified into gains and losses		
1. Enjoyable shares in other comprehensive incomes in invests that will be reclassified into gains and losses under the equity method		
2. Gains and losses on fair value changes of available-for-sale financial assets		
3. Gains and losses on reclassifying held-to-maturity investments into available-for-sale financial assets		
4. Effective hedging gains and losses on cash flows		
5. Foreign-currency financial statement translation difference		

6、Others		
.....		
After-tax net amount of other comprehensive incomes attributable to minority shareholders		
VII Total comprehensive income	-48,030,400.94	3,686,377.13
Total comprehensive income attributable to parent company	-41,549,634.34	4,342,913.91
Total comprehensive income attributable to minority shareholders	-6,480,766.60	-656,536.78
VIII. Earnings per share		
(I) basic earnings per share	-0.049	0.005
(II) diluted earnings per share	-0.049	0.005

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

## CONSOLIDATION CASH FLOW STATEMENT

Prepared by Bingshan Refrigeration & Heat Transfer Technologies Co., Ltd. January - September, 2021 Unit: RMB Yuan

Items	January - September, 2021	January - September, 2020
<b>I. Cash flows arising from operating activities:</b>		
Cash received from selling commodities and providing labor services	1,366,490,775.49	931,236,976.16
Write-back of tax received	15,767,416.25	16,087,153.47
Other cash received concerning operating activities	76,419,830.88	62,856,556.06
Subtotal of cash inflow arising from operating activities	1,458,678,022.62	1,010,180,685.69
Cash paid for purchasing commodities and receiving labor service	991,847,218.79	720,359,068.70
Cash paid to/for staff and workers	258,665,354.27	230,849,374.08
Taxes paid	61,236,522.09	51,361,443.49
Other cash paid concerning operating activities	142,063,255.46	104,359,298.02
Subtotal of cash outflow arising from operating activities	1,453,812,350.61	1,106,929,184.29
Net cash flows arising from operating activities	4,865,672.01	-96,748,498.60
<b>II. Cash flows arising from investing activities:</b>		
Cash received from recovering investment	1,703,262.34	2,396,000.00
Cash received from investment income	80,638,354.58	69,918,361.75
Net cash received from disposal of fixed, intangible and other long-term assets	718,371.68	445,649.60
Net cash received from disposal of subsidiaries and other units	36,263,700.00	
Other cash received concerning investing activities		
Subtotal of cash inflow from investing activities	119,323,688.60	72,760,011.35
Cash paid for purchasing fixed, intangible and other long-term assets	8,985,428.62	9,124,507.49
Cash paid for investment	45,400,000.00	
Net cash paid for achievement of subsidiaries and other business units		
Other cash paid concerning investing activities		
Subtotal of cash outflow from investing activities	54,385,428.62	9,124,507.49
Net cash flows arising from investing activities	64,938,259.98	63,635,503.86
<b>III. Cash flows arising from financing activities</b>		
Cash received from absorbing investment		
Including: Cash received from absorbing minority shareholders' equity investment by subsidiaries		
Cash received from loans	258,870,000.00	351,751,600.00
Cash received from issuing bonds		
Other cash received concerning financing activities	60,343,934.67	32,926,633.20
Subtotal of cash inflow from financing activities	319,213,934.67	384,678,233.20
Cash paid for settling debts	337,563,543.19	333,447,223.97
Cash paid for dividend and profit distributing or interest paying	24,159,906.92	42,052,924.78
Including: dividends or profit paid by subsidiaries to minority shareholders		
Other cash paid concerning financing activities	34,847,480.91	12,182,713.89
Subtotal of cash outflow from financing activities	396,570,931.02	387,682,862.64
Net cash flows arising from financing activities	-77,356,996.35	-3,004,629.44
<b>IV. Influence on cash due to fluctuation in exchange rate</b>	188,430.42	-660,346.06
<b>V. Net increase of cash and cash equivalents</b>	-7,364,633.94	-36,777,970.24
Add: Balance of cash and cash equivalents at the period -begin	314,978,460.49	301,527,354.56
<b>VI. Balance of cash and cash equivalents at the period-end</b>	307,613,826.55	264,749,384.32

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

Note: The adjustment of financial statements

New lease Standards for the First Implementation Relevant to Financial Statements at the Beginning of the Year

✓ Applicable    □ Not applicable

Consolidated balance sheet

Consolidated balance sheet

Item	31-Dec-2020	1-Jan-2021	The amount of adjustment
Fixed assets	891,147,058.82	867,177,638.62	-23,969,420.20
Right of use assets		23,969,420.20	+23,969,420.20
Long-term payables	14,622,463.75		-14,622,463.75
Lease liabilities		14,622,463.75	+14,622,463.75

Board of Directors of Bingshan Refrigeration & Heat Transfer Technologies Co., Ltd.  
October 28, 2021