

Dalian Refrigeration Co., Ltd. 2018 Semiannual Report Summary

§1 Important Notes

This summary is extracted from the original of the semiannual report. For more information, the investors are recommended to refer to the original.

Company Profile

Short form of the stock	DALENG GUFEN; DALENG-B	
Stock code	000530; 200530	
Listed stock exchange	Shenzhen Stock Exchange	
Contact persons	Secretary of the Board of Directors	Authorized representative in charge of securities affairs
Name	Song Wenbao	Du Yu
Contact address	DALENG GUFEN Securities & Legal Affairs No.106, Liaohe East Road, Dalian Economic and Technological Development Zone	DALENG GUFEN Securities & Legal Affairs No.106, Liaohe East Road, Dalian Economic and Technological Development Zone
Telephone	0411-87968130	0411-87968822
Fax	0411-87968125	0411-87968125
E-mail	000530@bingshan.com	000530@bingshan.com

§2 Summary of Accounting Data and Financial Indexes

2.1 Main accounting data (Unit: RMB Yuan)

Did the Company retroactively adjust or restate the accounting data of previous years due to change in the accounting policy and correction of accounting mistakes?

Yes No

	2018.1-6	2017.1-6	Increase/decrease compared with the same period of last year
Operating revenue	1,029,078,536.79	1,002,378,717.50	2.66%
Net profit attributable to shareholders of listed companies	59,017,542.28	98,260,163.09	-39.94%
Net profit belonging to the shareholders of listed companies after the deduction of non-recurring profit and loss	57,185,177.31	69,960,863.49	-18.26%
Net cash flow from operating activities	-115,328,757.17	-148,577,541.90	28.83%
Basic earnings per share	0.069	0.115	-40.00%
Diluted earnings per share	0.069	0.115	-40.00%
Weighted average return on net asset yield	1.67%	2.95%	Decrease 1.28 percentage points
	2018.6.30	2017.12.31	Increase/decrease compared with 2017.12.31
Total assets	5,577,520,750.60	5,619,621,500.67	-0.75%
Owner's equity attributable to shareholders of listed companies	3,346,184,485.59	3,416,531,064.91	-2.06%

The Net profit attributable to shareholders of listed companies Significantly decreased with the same period last year, mainly because the intensified market competition and the tight budget during the reporting period led to a significant decrease in the income from complete sets of projects, and the increase in bank borrowings led to a significant increase in financial expenses, and also the Company sold 1.5 million shares of Guotai Junan stock in the same period last year and obtained investment income of about RMB 27,460 thousand Yuan.

§3 Statement of shares held by the top ten common shareholders

Total number of shareholders in the reporting period		49,814			
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	19.98%	170,916,934	0	0
Sanyo Electric Co., Ltd.	Overseas legal person	8.59%	73,503,150	0	0
Lin Zhenming	Overseas natural person	0.74%	6,349,740	0	0
Haitong securities co. LTD	State-owned legal person	0.70%	6,000,000	0	0
JOHCM INTERNATIONAL SMALL CAPEQUITY FUND	Overseas legal person	0.64%	5,432,942	0	0
Sun Huiming	Domestic natural person	0.51%	4,384,079	0	0
Wu An	Domestic natural person	0.51%	4,359,900	0	0
Caitong Capital Kunze No. 2 Securities Investment Fund	Others	0.48%	4,114,534	0	0
National Social Security Funds 104 Portfolio	Others	0.48%	4,105,157	0	0
BOCI SECURITIES LIMITED	Overseas legal person	0.41%	3,471,602	0	0
Shareholding of top ten shareholders without sale restriction					
Name	Number of shares without sale restriction		Type of 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.				

§4 Variation in controlling shareholders or actual controllers

Variation in controlling shareholders in the report period

Applicable Not applicable

Variation in actual controllers in the report period

Applicable Not applicable

§5 Information on Preferred Stock

Applicable Not applicable

In the reporting period, the Company didn't own preferred stock.

§6 Corporate Bonds

The Company's non-public issuance of exchangeable corporate bonds was listed at the Shanghai Stock Exchange on August 6, 2018. Until June 30, 2018., the Company did not use bonds to raise funds. As of August 1, 2018, according to the using plan disclosed in the prospectus, the raised

funds of the Company's non-public issuance of exchangeable corporate bonds have been used to repay bank loans.

§7 Business discussion and analysis

In the first half of 2018, the Company adhered to the theme of "Committing to Innovation, Focusing on Transformation, and Sharing", insisted on developing industry-leading new products and technologies that meet market demand, innovated and developed new markets, and cultivated market segments, took the development and utilization of energy, especially the secondary energy, as the continuous development point of transformation and upgrading strategy. By leveraging the dual-creation platform, we made concerted efforts, assumed and shared together, and endeavored to achieve the key business indicators. In the first half of 2018, the Company achieved operating income of 1,029,078 thousand Yuan, with a year-on-year growth of 2.66%; achieved a total profit of 61,712 thousand Yuan, with a year-on-year decrease of 41.17%, mainly due to the reduction in the total project income because of intensified market competition and tight financial position, and the increase in financial costs because of increase in bank loans during the reporting period, and the Company sold 1,500,000 shares of Guotai Junan stock and gained about 27,460 thousand yuan of investment income during the same period of last year.

During the reporting period, the Company's subsidiary Wuxin Refrigeration accelerated the strategic transformation, the natural gas pipeline network pressure energy generation and cold energy recovery system, mine return air waste heat direct utilization system and other landmark new products realized commercial use in multiple projects in many places. Among the enterprises funded by the Company, Wuxin Refrigeration took the lead in launching the pilot project of dual-creation incentives to further stimulate the internal motivation of strategic transformation.

During the reporting period, the Company's subsidiary Bingshan Engineering Company continued to deepen the hot and cold market segment by virtue of its high value-added deep enthalpy energy solutions. Bingshan Engineering Company achieved new breakthroughs in the ice and snow industry and won the bid for the toboggan run simulation test section project in the Olympic Winter Games, and was awarded the Grade A Qualification for the general contracting of electromechanical engineering.

During the reporting period, Bingshan Service Company, the Company's subsidiary, quickly expanded its producer services by virtue of the first service model in the industry, and its operating income increased by approximately 30% on a year-on-year basis. Bingshan Service Company united high quality customers through the generator room hosting and related services, established strategic cooperation with Mengniu Dairy, Anheuser-Busch InBev, and others, and signed an agreement about accessory repair and group-buying. With the support of Liaoning Provincial Government, the 4S service model of ammonia-related refrigeration enterprises began to be promoted to cities in the province except Dalian. Bingshan sharing service platform was built orderly, and began to provide services for Bingshan-funded enterprises such as Fuji Bingshan, Spindle, and so on.. Bingshan Service Company won the A rating certificate of refrigeration and air conditioning for China equipment maintenance and installation enterprise competence.

During the reporting period, Panasonic Compressor, the Company's associated company, actively promoted the transformation and focused on developing high-margin customers and markets. The

sales volume of horizontal scroll compressors for electric buses has recovered significantly. The horizontal scroll compressor for rail transit air conditioning has achieved good results in the expansion in subway, light rail and other fields. The sales volume of dedicated compressor for refrigeration increased significantly on a year-on-year basis. The horizontal DC inverter fully enclosed electric scroll compressor was selected into the “2018 Energy Conservation and Environmental Protection Product Catalogue of Chinese Association of Refrigeration”.

During the reporting period, Panasonic Cold Chain, an associated company of the Company, conformed to the new trend of consumption and further expanded and subdivided the blue ocean market. For the convenience store business, it made effective cooperation with key customers such as Hema Fresh, Jingdong, OurHours, Lawson, and so on, and the income achieved a year-on-year growth of about 30%. For commercial kitchen business, Panasonic Cold Chain won the bid for the Great Hall of the People project. And it was awarded the First Batch of Green Factories in Liaoning Province.

During the reporting period, Panasonic Refrigeration System, the Company’s associated company, successfully applied the CO₂ refrigeration compressor to the cold chain system of Beijing CFS Market, which realized the first commercial use of the CO₂ transcritical piston refrigeration compressor unit in the domestic supermarket retail field. It also won the bid for Jingdong Beijing Daxing Pharmaceutical Storage Project and Wuhan Cold Storage Project, and the total contract amount is over 60 million Yuan.

During the reporting period, the Company’s associated company, Fuji Bingshan, further promoted the development of product intelligence, modularization, and diversification, and newly added platform machine product line based on the six product lines of beverage machine, food machine, liquor machine, dairy machine, coffee machine, and lunch box machine so as to quickly respond to the demand of new retail platform, actively deployed in the international market, and has covered Hong Kong, Macao and Taiwan regions, Australia, and Southeast Asian countries. It is the first in the industry to introduce R1234yf new refrigerant production line, leading the industry safety and green environmental development trend.

During the reporting period, the Company actively promoted the cultivation and incubation of new businesses while the original business was undergoing transformation and upgrading. Kelvin, an indirect joint venture company, focused on the unmanned retail field, strengthened the unmanned retail smart terminals and Internet platforms, and strived to open up the online and offline consumption scenarios; Bingshan Huahuida, the Company’s indirect joint venture, effectively expanded the financial leasing business around high-quality customers in Bingshan cold and hot business, boosted the sales of all investment enterprises in Bingshan, speeded up the withdrawal of funds and improved the cash flow of business activities; Bingshan Wisdom Company, the Company’s indirect joint venture company, cooperated in the comprehensive utilization of the old factory area and has achieved remarkable results in the investment promotion at present, and the remoulding work is proceeding orderly.

§8 Matters related to financial report

8.1 Change in accounting policies, accounting estimates and accounting methods compared with the financial statements of the previous year

Applicable Inapplicable

8.2 Correction of major accounting mistakes in the reporting period, which should be retroactively restated

Applicable Inapplicable

8.3 Explanation on change of consolidation scope in the report period compared with the latest annual report

Applicable Inapplicable

The board of directors of the Company's subsidiary Wuxin Refrigeration decided to acquire 27.27% equity of Wuhan Lanning Energy Technology Co., Ltd., an original associated Company of Wuxin Refrigeration. After the transfer, Wuhan Lanning Energy Technology Co., Ltd. became a subsidiary of Wuxin Refrigeration. As of June 30, 2018, the above equity transaction has been completed.

Board of Directors of Dalian Refrigeration Co., Ltd.

August 25, 2018