

Dalian Refrigeration Co., Ltd. 2017 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
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§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

item	2017.01-06	2016.01-06	Increase/decrease compared with previous period
Operating revenue	1,002,378,717.50	830,873,999.65	20.64%
Net profit attributable to shareholders of listed companies	98,260,163.09	70,632,718.91	39.11%
Net profit belonging to the shareholders of listed companies after the deduction of non-recurring profit and loss	69,960,863.49	65,055,890.10	7.54%
Net cash flow from operating activities	-148,577,541.90	-51,268,538.89	-189.80%
Basic earning per share	0.115	0.089	29.21%
Diluted earnings per share	0.115	0.089	29.21%
Weighted average return on net asset yield	2.95%	2.64%	Increase 0.31 percentage points
	2017.6.30	2016.12.31	Increase/decrease compared with 2016.12.31
Total assets	5,372,939,781.32	5,095,986,440.32	5.43%
Owner's equity attributable to shareholders of listed companies	3,309,730,421.64	3,301,087,748.86	0.26%

2.2 Statement of shares held by the top ten common shareholders

Total number of shareholders in the reporting period			41,442		
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	19.96%	170,916,934	0	0
Sanyo Electric Co., Ltd.	Overseas legal person	8.58%	73,503,150	0	0
Zheshang Juchao industry grow hybrid securities investment fund	Others	2.56%	21,896,286	0	0
Zheshang Juchao New thinking hybrid securities investment fund	Others	1.58%	13,503,638	0	0
National Social Security Funds 104 Portfolio	Others	1.31%	11,199,297	0	0
Industrial Securities Golden Kylin No. 2 Collective Asset Management Plan	Others	1.07%	9,163,753	0	0
National Social Security Funds 503 Portfolio	Others	0.96%	8,210,314	0	0
Caitong Capital Kunze No. 2 Securities vInestment Fund	Others	0.96%	8,210,313	0	0
Shenzhen B & D Capital Fengnian Jinjia No. 1 Fund	Others	0.96%	8,210,313	0	0
Lin Zhenming	Overseas natural person	0.73%	6,230,000	0	0
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.			

2.3 Statement of shares held by the top ten preferred shareholders

☐ Yes ☒ No

2.4 Variation in controlling shareholders or actual controllers

Variation in controlling shareholders in the report period

☐ Applicable ☒ Not applicable

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

Variation in actual controllers in the report period

☐ Applicable ☒ Not applicable

§3 Discussion and analysis of the management

In the first half of 2017, the Company focused on "activating, integrating and promoting", maintained strategic strength, activated endogenous power, integrated system resources, brought together competencies, promoted operational quality and efficiency, and strived to achieve key business targets. In the first half of 2017, the Company achieved operating income of 1,002.38 million Yuan, with a year-on-year growth of 20.64%; achieved a total profit of 104.9 million Yuan, with a year-on-year growth of 36.95%.

During the reporting period, the Company succeeded in completing the overall removal and reconstruction, the intelligent, environmental, efficient and safe new plant was put into use. On May 7, 2017, the Company's new plant – Bingshan Double D Port Industrial Park officially opened. On June 26, 2017, Premier Li Keqiang went to the Company's new factory for field research and gave positive evaluation.

During the reporting period, the Company's subsidiary Wuxin Refrigeration basically completed the nationwide regional distribution for the demonstration of its new products, the income of new products increased by more than 50% on a year-on-year basis, the strategic transformation results are obvious. Based on the successful launch of China's first set of natural gas pipeline pressure energy for generating electricity and cold energy recovery system, multiple application projects in many places were proceeding orderly by technology marketing and government marketing.

During the reporting period, the Company's subsidiary Bingshan Engineering Company continued to deepen the market segmentation, and the orders in cold chain logistics, fishing industry, beer dairy products, fine chemicals and other fields achieved great growth. Signed natural gas distributed energy sources electromechanical general contract with Jiangsu Runchang, the total contract amount was about 160 million Yuan. And signed the first high-end indoor snow field project with Guangzhou Wanda, snow and ice business achieved a new breakthrough.

During the reporting period, the Company's subsidiary Bingshan Service Company flexibly used Bingshan internet of things cloud platform, actively expanded new service business fields, and signed the first machine room hosting contract with Tianjin Ershang which initiated the machine room hosting of large-scale ammonia system in the refrigeration industry, the maintenance income had a year-on-year growth of more than 50%.

During the reporting period, the horizontal scroll compressor for rail transit air conditioning newly developed by the Company's related Company Panasonic Compressor has been well expanded in subway, light rail and other fields. It also achieved new results in the expansion of overseas market, the income in European market increased by about 50% on a year-on-year basis. Impact by the state's policies of reorganizing the electric bus market and cutting down the subsidies, the sales volume of horizontal scroll compressor for electric bus sharply reduced, coupled with the rapid rise in the price of bulk raw materials, the net profit greatly declined on a year-on-year basis.

During the reporting period, the Company's related Company, Panasonic Cold Chain, conformed to the new trend of consumption and actively expanded and subdivided the blue ocean market. The convenience store business, new developed SF and Beijing 7-11 and other customers, and the income achieved a year-on-year growth of 28%. Biomedical care, medical ultra-low temperature refrigerator, blood refrigerator, incubator and other new products in the hospitals, blood stations, and scientific research and other fields have achieved application breakthroughs, and the income achieved a year-on-year growth of more than 50%.

During the reporting period, the Company's related Company Fushi Bingshan fully realized the intelligent upgrading of products, and the product diversification has taken a solid step. In addition

to beverage machine, the large food machine, coffee machine, liquor machine, box lunch machine and other new models have completed development and began mass production. The world-leading intelligent manufacturing new plant for vending machine has been constructed and put into operation; the production capacity has been doubled and can better respond to the rapid growth of unmanned vending machine.

During the reporting period, based on the overall positioning of cold and hot industrial investment platform, the Company increased the capital operation, and implemented the first batch of acquisition to high-quality assets of controlling shareholders. The acquisition has been completed by the end of April 2017, and the Company currently holds 100% stake in BSET and 49% stake in Bingshan Metal Technology.

During the reporting period, the Company has rented out both land and housing of old factory to Bingshan Wisdom Park Company for its construction and development. Bingshan Wisdom Park shall center on the intelligent science and technology, focus on breaking through the internet of things, big data applications, wisdom recuperation, wisdom education and other fields, strive to build Bingshan industrial ecosphere, and create new engine for business growth.

§4 Matters related to financial report

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

☐ Applicable ☒ A Inapplicable

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

☐ Applicable ☒ A Inapplicable

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

☒ Applicable ☐ Inapplicable

This year, there are 2 more entities were included in the scope of consolidation, Dalian Bingshan Engineering & Trading Co., Ltd. and Chengdu Bingshan Refrigeration Engineering Co., Ltd.

On February 15, 2017, the company's board of directors decided to accept the transfer of 76% equity stake of Dalian Bingshan Engineering and Trading Co., Ltd., the company's former associated company, after the acceptance of this transfer, Dalian Bingshan Engineering and Trading Co., Ltd. became a wholly-owned subsidiary of the company. As of June 30, 2017, the above equity transaction has been completed. Therefore, the company held 100% equity stake of Dalian Bingshan Engineering and Trading Co., Ltd. when establishing the consolidated statements of current period. As Dalian Bingshan Engineering and Trading Co., Ltd. is also a subsidiary of the parent company Dalian Bingshan Group Co., Ltd., the company has merged the subsidiary Dalian Bingshan Engineering and Trading Co., Ltd. by the same control in current period, when establishing the consolidated balance sheet, adjusted the beginning data of relevant projects of consolidated balance sheet, and also adjusted the comparable data of the corresponding period when establishing the income statements and cash flow statements.

The Board of Directors of the company's subsidiary Dalian Bingshan Group Engineering Co., Ltd. decided Dalian Bingshan Group Engineering Co., Ltd. and Chengdu New World Refrigeration Equipment Engineering Co., Ltd. jointly invest and build a joint venture Chengdu Bingshan Refrigeration Engineering Co., Ltd., Dalian Bingshan Group Engineering Co., Ltd. invested RMB 5.1 million in cash, holding 51% stake. As of June 30, 2017, Chengdu Bingshan Refrigeration Engineering Co., Ltd. has officially started operating.

4.4 Explanation of the Board of Directors to the “Non-standardized Opinion”

☐ Applicable ☒ Inapplicable

Board of Directors of Dalian Refrigeration Co., Ltd.

August 26, 2017