



Dalian Refrigeration Co., Ltd.
2019 Semiannual Report

August, 2019

Section 1 Important Notice, Table of Contents, and Definitions

The directors and the Board of Directors, the supervisors and the Supervisory Board, and Senior staff members of Dalian Refrigeration Co., Ltd. (hereinafter referred to as the Company) hereby confirm that there are not any important omissions, fictitious statements or serious misleading carried in this report, and shall take all responsibilities, individual and/or joint, for the reality, accuracy and completeness of the whole contents.

All directors have attended this Board meeting of the Company.

There is no significant risk having adverse influence on attainment of the Company's future development strategy and business targets. The paragraph "Discussion and Analysis of the Business situation" in Section 4 of this Semiannual Report describes major risks , including the risk of increasing market competition risk, the market promotion for new product and new technology slow and the accounts receivable is on the high side. See the related sections for the countermeasures to be taken by the Company.

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

Chairman of the Board of Directors of the Company Mr. Ji Zhijian, Financial Majordomo Mr. Ma Yun, and the head of Accounting Department Mrs. Mao Chunhua hereby confirm that the financial report of the semi-annual report is true and complete.

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

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Definitions

Defined item	Stands for	Meaning
Reporting period	Stands for	From Jan. 1, 2019 to Jun. 30, 2019
The Company, this Company	Stands for	Dalian Refrigeration Co., Ltd.
Wuxin Refrigeration	Stands for	Wuhan New World Refrigeration Industry Co., Ltd., one of the subsidiaries of the Company where the Company holds 100% of its shares.
Bingshan Engineering Company	Stands for	Dalian Bingshan Group Engineering Co., Ltd., one of the subsidiaries of the Company where the Company holds 100% of its shares.
Bingshan Service Company	Stands for	Bingshan Technology Service (Dalian) Co., Ltd. one of the subsidiaries of the Company where the Company holds 100% of its shares.
Bingshan Engineering&Trading	Stands for	Dalian Bingshan Engineering&Trading Co.,Ltd. one of the subsidiaries of the Company where the Company holds 100% of its shares.
Bingshan Guardian	Stands for	Dalian Bingshan Guardian Automation Co.,Ltd. one of the subsidiaries of the Company where the Company holds 100% of its shares.
Panasonic Compressor	Stands for	Panasonic Appliances Compressor (Dalian) Co., Ltd. one of the associated companies of the Company, where the Company holds 40% of its shares.
Panasonic Cold-Chain	Stands for	Panasonic Appliances Cold-Chain (Dalian) Co., Ltd. one of the associated companies of the Company, where the Company holds 40% of its shares.
Panasonic Refrigerating	Stands for	Panasonic Appliances Air-conditioning and Refrigerating (Dalian) Co., Ltd. one of the associated companies of the Company, where the Company holds 40% of its shares.
Panasonic Refrigerating System	Stands for	Panasonic Appliances Refrigerating System (Dalian) Co., Ltd., one of the associated company of the Company, where the Company holds 20% of its shares
Fuji-Bingshan	Stands for	Dalian Fuji-Bingshan Vending Machine Co., Ltd., one of the associated companies of the Company, where the Company holds 49% of its shares.
Bingshan Metal Technology	Stands for	Dalian Bingshan Metal Technology Co.,Ltd., one of the associated companies of the Companies, where the Company holds 49% of its shares.
JingXue	Stands for	Jiangsu JingXue Insulation Technology Co.,Ltd., one of the associated companies of the Company, where the Company holds 29.212% of its shares.
Bingshan Wisdom Park	Stands for	Dalian Bingshan Wisdom Park Co., Ltd.,an indirect joint venture company
Hua Hui Da	Stands for	Dalian Bingshan Group Hua Hui Da Financial Leasing Co., Ltd.,an indirect joint venture company
Fuji Bingshan Control Systems	Stands for	Dalian Fuji Bingshan Control Systems Co., Ltd., an indirect joint venture company
Kelvins	Stands for	Dalian Kelvins Technology Technology Co., Ltd.,an indirect joint venture company

Section 2 About the Company

I. Company information

Short form of the stock	DALENG GUFEN; DALENG-B
Stock code	000530; 200530
Listed stock exchange	Shenzhen Stock Exchange
Legal name in Chinese	大连冷冻机股份有限公司
Short form of legal name	大冷股份
Legal English name	Dalian Refrigeration Co., Ltd.
Abbreviation of legal English name	DRC
Legal representative	Ji Zhijian

II. Contact persons and information

	Secretary of the Board of Directors	Authorized representative for securities affairs
Name	Song Wenbao	Du Yu
Address	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
Tel.	0411-87968130	0411-87968822
Fax	0411-87968125	0411-87968125
E-mail	000530@bingshan.com	000530@bingshan.com

III. Other situations

1. Contact of company

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

Applicable Not applicable

2. Information disclosure and place of preparation

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

Applicable Not applicable

The name of newspaper for information disclosure selected by the Company, the address of the website designated by China Securities Regulatory Commission for carrying semi-annual report, the place where the semi-annual report of the Company is prepared had no change in the report period. Refer to the Annual Report for 2018 for details.

IV. Main accounting data and financial indicators

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

Applicable Not applicable

	2019.1-6	2018.1-6	Increase/decrease compared with the same period of last year
Operating revenue	1,075,729,240.57	1,029,078,536.79	4.53%
Net profit attributable to shareholders of listed companies	108,373,919.30	59,017,542.28	83.63%
Net profit belonging to the shareholders of listed companies after the deduction of non-recurring profit and loss	35,262,178.97	57,185,177.31	-38.34%
Net cash flow from operating activities	-77,776,037.88	-115,328,757.17	32.56%
Basic earnings per share	0.127	0.069	84.06%
Diluted earnings per share	0.127	0.069	84.06%
Weighted average return on net asset yield	3.16%	1.67%	Increase 1.49 percentage points
	2019.6.30	2018.12.31	Increase/decrease compared with 2018.12.31
Total assets	5,607,305,672.24	5,568,279,452.26	0.70%
Owner's equity attributable to shareholders of listed companies	3,419,054,562.97	3,377,633,617.02	1.23%

Net profit attributable to parent company increased significantly y-o-y, mainly due to (1)The Gain from change in fair value of Guotai Junan has been recorded into the current profit and loss, which is about 40.46 million yuan;(2)During the reporting period, the Company's exchangeable corporate bondholders exchanged a total of 8.3889 million shares, increasing the current investment income by about 40.57 million yuan. All profit above has been recorded into the non-recurring gains and losses.

V.1. Difference of accounting data between as per Chinese accounting standards and as per International Accounting Standards

Applicable Not applicable

2. Difference of accounting data between as per Chinese accounting standards and as per Foreign Accounting Standards

The difference of accounting data between as per Chinese Accounting Standards and as per International Accounting Standards was 0.

VI. Non-recurring profits and losses and their amounts

item	Amount
Disposal gains and losses of non-current asset	1,227,672.74
Government subsidies included in current profit or loss	1,815,838.84
Debt restructuring gains and losses	1,999,241.94
Income from changes in fair value during the period of holding financial assets available for sale and income from disposal of financial assets available for sale	81,028,816.99
Other non-operating revenue or expense	29,206.25
Influence on income tax	12,949,627.58
Influence on minority shareholders	39,408.85
Total	73,111,740.33

Section 3 The Company's Business profile

I. The Company's Main business during the reporting period

The Company is committed to developing industrial refrigeration and heating business field, commercial refrigeration and refrigeration business field, air-conditioning and environment business field, core parts business field, engineering and service business field, have covered the key areas of the refrigeration industrial chain and forged the complete cold and hot industrial chain in China.

II. Major changes in main assets

1. Major changes in main assets

Main assets	Explain for major changes
Monetary funds	Significantly decreased compared to the beginning of the year, mainly due to the influence of net cash flows arising from operating activities
Other current assets	Significantly decreased compared to the beginning of the year, mainly due to the decrease in the amount of input tax to be deducted from VAT.
Construction in progress	Significantly increased compared to the beginning of the year, mainly due to the increased investment in equipment renovation in this period.

2. The main overseas assets

Applicable Not applicable

III. Analysis of core competence

The Company closely focuses on main business of cold and heat; independent R&D and joint venture partnerships are cooperate with each other effectively; capital resources integration and business model innovation are in a positive interaction; the community of business and interest are being created in two ways; the develop mode with Bingshan characteristic are formed.

The Company has the most integrated cold-heat industrial chain for offering kinds of comprehensive solution services, including design, manufacture, installation and maintenance etc., and can satisfy individual requirements preferably.

The Company possesses a mature and solid marketing networks and after-sale service network on/off-line, and can offer high quality and high value-added services more initiative and faster for clients from around the city.

After overall relocation reform, the new factory of intelligence, environment protection, high efficiency and safety are put into used, which produces a strong comparative advantage for creating higher value to the customers.

While move forward with transformation and upgrading for former business, the Company will implement the cultivation for new business, thus the sustainable healthy development will come more and more feasible.

Core-competency of the Company further promoted in the reporting period.

Section 4 Business discussion and analysis

I. Summary

In the first half of 2019, the Company focused on “exploitation, pragmatism, collaboration and action”, strengthened strategic resources, strengthened market development, strengthened internal management, converted restriction into coordination, converted control into service, strengthened confidence, acted immediately, and strived to achieve main business objectives. In the first half of 2019, the Company achieved operating income of 1,075,729 thousand yuan, a year-on-year growth of 4.53%; achieved total profit of 120,536 thousand yuan, a year-on-year increase of 94.53%.

During the reporting period, the Company’s BSMAU series modular ice water installation was selected as “2019 Energy Saving and Environment-friendly Products Catalogue of the Chinese Association of Refrigeration”; the national high-end equipment manufacturing standardization pilot work was promoted in an orderly manner; stainless steel pressure vessels achieved the first production and became the Company’s new business growth point.

During the reporting period, the Company’s subsidiary Wuhan New World Refrigeration accelerated the strategic transformation. The water vapor screw expander was selected as “2019 China Refrigeration Innovative Product”; the natural gas pipeline network pressure energy comprehensive utilization technology was selected as “2019 Energy Saving and Environmental Protection Technology Catalogue of the Chinese Association of Refrigeration”; new product optimization and standardization work were actively implemented.

During the reporting period, the Company’s subsidiary, Bingshan Engineering Company continued to deepen the hot and cold market segment around the deep enthalpy energy solutions. After the low-speed wind tunnel and the icing wind tunnel projects, it successfully signed the wind tunnel drying system development project to help China’s aerospace equipment continue to improve the climatic and environmental adaptability.

During the reporting period, Bingshan Service Company, the Company’s subsidiary, quickly expanded its producer services. It actively promoted the compressor room hosting and transportation business, and continuously optimized the layout of national service networks. Bingshan sharing service platform was built orderly, and began to provide services for a number of Bingshan-funded enterprises.

During the reporting period, the Company’s subsidiary, Bingshan Engineering & Trading, followed the national Belt and Road strategy, deepening the advantageous markets in Southeast Asia and opening up the emerging markets in Africa. It established the first overseas office in Africa to explore the aquatic product processing markets in neighboring countries.

During the reporting period, the Company’s subsidiary, Bingshan Guardian, focused on the automatic control of the Internet of Things in the field of freezing and refrigeration, and launched intelligent devices with edge computing capabilities such as BINGO-BOX. As a member of the Edge Computing Alliance, it undertook the development of the experimental platform for the “Freezing and Refrigeration IoT Test Bed Based on TSN and OPC-UA Technology”.

During the reporting period, Panasonic Compressor, the Company's associated company, actively promoted the transformation. Faced with the unfavorable situation of the shrinking total volume of the scroll compressor market, it made great efforts to consolidate the field of electric buses and rail transit, and increased investments in heat pump, freezing and refrigeration and other fields, and the sales of horizontal scroll compressors achieved rapid growth. The CO₂ twin-rotor compressor for refrigeration and heat pump was selected as "2019 China Refrigeration Innovative Product".

During the reporting period, Panasonic Cold Chain, an associated company of the Company, further focused on the new retail and new catering market. With the "Energy Management and Store Intelligent System", it was awarded the "2019 China Convenience Store Innovation Award" by the China Chain Store & Franchise Association. The intelligent food collection cabinet has been successfully embedded in the Hema Fresh platform series, and has accumulatively provided cold chain solutions for more than 30 stores. The overseas IoT smart cabinet business has made new breakthroughs, and it has successfully entered Australia after the United States and Mexico.

During the reporting period, Panasonic Air-conditioning and Refrigeration, the Company's associated company, actively deployed in emerging markets such as coking, petrochemical, and fermentation industries, and achieved breakthroughs in transformation. The development of high-efficiency warm water and large temperature difference units has been completed, which can deeply recycle the industrial waste heat. The gas-fired water-fluorine hybrid air-conditioning heat pump system was selected as "2019 China Refrigeration Innovation Product".

During the reporting period, Panasonic Refrigeration System, the Company's associated company, strengthened the construction of quality projects to create an industry benchmark. The self-developed 80-horsepower CO₂ unit was sold to Japan; the 40-horsepower semi-closed piston refrigeration compressor was successfully launched; the heat pump assembly production line was established and commissioned.

During the reporting period, Fuji Bingshan, an associated company of the Company, further promoted the development of product intelligence, modularization, and diversification to quickly respond to customer needs. It also innovated the marketing methods and promoted diversified sales. The construction of intelligent plants continued to be advanced and the quality assurance was effectively improved.

During the reporting period, Bingshan Metal, the Company's associated company, continued to promote technological innovation and management progress, and spared no effort to develop the market and optimize customer group, and achieved better business performance.

During the reporting period, Jingxue Company, an associated company of the Company, applied for its initial public offering of shares and applied for listing on the GEM, which have been formally accepted by the China Securities Regulatory Commission.

During the reporting period, the Company actively promoted the cultivation and incubation of new businesses while the original business was undergoing transformation and upgrading. Bingshan Wisdom Park Company, an indirect joint venture company of the Company, cooperated in the comprehensive utilization of the old factory area and created an intelligent innovation industrial park to gather and search new kinetic energy for Bingshan.

Bingshan Huahuida, an indirect joint venture company of the Company, effectively expanded the financial leasing business around high-quality customers in Bingshan cold and hot business, and boosted the sales and payment collection of the various funded enterprises of Bingshan. Fuji Bingshan Control, an indirect joint venture company of the Company, deeply explored the energy-saving potential, and helped the smart energy management of Bingshan. Kelvin Technology, an indirect joint venture company of the Company, energized unmanned retail with innovative technology, and the new retail model was rapidly promoted.

II. Analysis of main business

See the related content “Section 4 Business situation discussion and analysis” the “Summary”

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

Monetary unit: RMB Yuan

	Report period	Same period of last year	Increase or decrease from the same period of last year	Reason for variation
Operating revenue	1,075,729,240.57	1,029,078,536.79	4.53%	
Operating cost	919,759,979.86	852,843,875.27	7.85%	
Selling and distribution expenses	53,096,818.62	48,662,813.11	9.11%	
Administrative expenses	85,942,095.21	81,515,156.00	5.43%	
R&D expenses	28,549,864.17	27,614,336.67	3.39%	
Financial expenses	5,467,587.19	8,639,264.80	-36.71%	interest expense decreased
Income tax	13,766,605.84	3,440,444.25	300.14%	the tax payable income amount increased
Net cash flow coming from operating activities	-77,776,037.88	-115,328,757.17	32.56%	operating payments decreased
Net cash flow coming from investment activities	-14,103,555.98	-7,756,831.93	-81.82%	redemption of bank financial products in the last period
Net cash flow coming from fund-raising activities	1,327,544.30	62,859,585.22	-97.89%	payment of equity incentive repurchase in the period
Net increase in cash and cash equivalents	-90,285,250.23	-61,261,801.17	-47.38%	Net cash flows arising from financing activities decreased

Main business structure

Monetary unit: RMB yuan

	Operating revenue	Operating costs	Gross profit	Increase/decrease of operating revenues from the same period of last year	Increase/decrease of operating costs from the same period of last year	Increase/decrease of gross profit from the same period of last year
By industry						
Refrigeration and air-conditioning	1,052,236,172.60	903,291,760.46	14.16%	4.16%	7.32%	Decrease 2.52 percentage points
Others	23,493,067.97	16,468,219.40	29.90%	24.26%	47.46%	Decrease 11.03 percentage points
By product						
Refrigeration and air-conditioning equipment	1,052,236,172.60	903,291,760.46	14.16%	4.16%	7.32%	Decrease 2.52 percentage points
Others	23,493,067.97	16,468,219.40	29.90%	24.26%	47.46%	Decrease 11.03 percentage points

By region						
Northeast China	916,385,518.53	787,428,256.15	14.07%	3.31%	6.70%	Decrease 2.74 percentage points
Central China	150,700,485.95	124,514,129.48	17.38%	33.51%	42.73%	Decrease 5.33 percentage point
East China	8,643,236.09	7,817,594.23	9.55%	-70.37%	-71.71%	Increase 4.31 percentage points

III. Analysis of the non-main business

Applicable Not applicable

IV. Analysis of assets & liabilities

1. Remarkable change in assets

Monetary unit: RMB yuan

	30-6-2019		30-6-2018		Proportion increase/decrease.
	Amount	Proportion to the total assets	Amount	Proportion to the total assets	
Monetary funds	231,766,622.54	4.13%	320,888,697.16	5.75%	Decrease 1.62 percentage points
Accounts receivable	1,242,102,434.51	22.15%	1,128,713,203.97	20.24%	Increase 1.91 percentage points
Inventories	506,818,620.94	9.04%	426,838,934.51	7.65%	Increase 1.39 percentage points
Investment property	97,846,891.45	1.74%	102,852,288.67	1.84%	Decrease 0.10 percentage points
Long-term equity investment	1,628,330,214.50	29.04%	1,547,271,618.09	27.74%	Increase 1.30 percentage points
Fixed assets	926,981,106.12	16.53%	870,473,528.21	15.61%	Increase 0.92 percentage points
Construction in progress	49,722,435.06	0.89%	99,096,551.25	1.78%	Decrease 0.89 percentage points
Short-term loans	289,000,000.00	5.15%	410,000,000.00	7.35%	Decrease 2.20 percentage points
Long-term loans	160,000,000.00	2.85%	160,000,000.00	2.87%	Decrease 0.02 percentage points

2. Assets & liabilities which are measured by fair value

Applicable Not applicable

Finance asset held available for sales in fair value Changes in fair value included in the rights and interests of the cumulative of the current period is 40,461,125.59 yuan, the current sale amount is 150,999,966.00 yuan, the final number is 288,278,646.80 yuan.

V. Analysis of investments

1. The overall situation

Applicable Not applicable

Investment in the report period (yuan)	Investment in the same period of last year (yuan)	Amount of variation
1,628,330,214.50	1,547,271,618.09	5.24%

2. The significant equity investment during the reporting period

Applicable Not applicable

3 The significant non-equity investment during the reporting period

Applicable Not applicable

4. The financial asset investment

(1) The securities investment

Applicable Not applicable

Stock code	Stock abbreviation	Initial investment cost	Accounting measurement model	Book value at the beginning	Changes in the profit and loss of the fair value in this period	Accumulative change of fair value credited to equity	Current sale amount	Report period profit and loss	Book value in the ending	Accounting subjects	Source of funds
601211	Guotai Jun'an	15,710,008.00	fair value measurement	369,195,071.40	40,461,125.59	0	150,999,966.00	44,781,377.79	288,278,646.80	Other Non-current financial assets	Own funds
total		15,710,008.00	--	369,195,071.40	40,461,125.59	0	150,999,966.00	44,781,377.79	288,278,646.80	--	--

The amount sold in the current period is the amount of the exchangeable bondholder's exchange shares during the reporting period.

(2) Derivative investment

Applicable Not applicable

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

VI. The material assets and equity sale

1. The material assets sale

Applicable Not applicable

2. The material equity sale

Applicable Not applicable

VII. Analysis of major subsidiary companies and mutual shareholding companies

Applicable Not applicable

Company name	Type	The main business	registered capital	total assets (yuan)	net assets(yuan)	Operating income (yuan)	Operating profit (yuan)	Net profit (yuan)
Dalian Bingshan Metal Technology Co., Ltd	mutual shareholding company	Pipe system connectors, high-speed rail connectors, hydraulic valve bodies, automotive engine parts, etc.	USD 18.0645 million	396,463,842.21	343,858,306.54	202,961,647.33	33,043,683.67	28,166,390.78
Panasonic Compressor	mutual shareholding company	Refrigeration and air-conditioning	JPY 6,200 million	1,666,454,581.71	1,137,455,715.08	620,287,402.33	48,644,197.90	41,081,512.65
Panasonic Cold-Chain	mutual shareholding company	Commercial Refrigeration Equipment, Refrigeration Storage, Stainless Steel Kitchen Equipment and Electrical Appliances	JPY 4,650 million	1,588,856,216.72	635,040,620.19	741,540,108.17	90,525,449.47	76,585,645.51

During the reporting period, the net profit of Panasonic Cold-Chain increased a lot year-on-year, mainly due to the transfer of biological medical business income. In order to focus on the development of core business, new retail, new catering and other bright spots, Panasonic Cold-Chain integrated the non-main business biological medical business to sale as a whole to the Dalian Bingshan Group co.,Ltd , which as the main acquirer.

Subsidiary companies obtained or disposed in the reporting period

Applicable Not applicable

VIII. The structured corporate bodies which the Company controlled

Applicable Not applicable

IX. Estimation of the business performance for Jan.-Sept., 2019

Estimation notice that the accumulated net profit from the beginning of year to the end of the next reporting period may be turned into loss or significantly change compared with the same period of the last year, and explanation of the cause

Applicable Inapplicable

X. Main risks the company faces and response measures

(1)Increasing market competition risk

Countermeasures: focus on refrigeration and heating industries, deeply plough market segmentation and seek for business blue sea; improve intelligent manufacturing and service-based manufacturing in an orderly manner; accelerate transformation and upgrading of the existing business; accelerate cultivation of new businesses; create the iceberg cause and common interest.

(2)Risk of slow marketing of new products and technologies

Countermeasures: create differentiated competitiveness of new products and technologies; strengthen technology marketing and service marketing, better satisfy individual needs of customers; make effective use of finance leasing, contract energy management, project companies and other innovative modes.

(3)Risk of high level of trade receivables

Countermeasures: effective inventory management and intensified management on trade receivables; enhance quality of contract through intensified customer credit assessment and contract appraisal; effective control of increase in trade receivables by reduction of guarantee deposits, taking bank credit instruments as guarantee deposits and finance leasing; improve contract execution through stricter review on goods delivery, intensified control on project construction and post-sale service; prepare special composition solutions through professional creditor's right management institutions and accelerate settlement of trade receivables with relatively long aging.

Section 5 Important Issues

I. Shareholders' general meeting convened in the reporting period

Session number of meeting	The type of the meeting	The proportion of participate investors	date	Disclosing date	Disclosing index
The 1 st Extraordinary Shareholders' General Meeting of 2019	Extraordinary Shareholders' general meeting	30.31%	January 17,2019	January 18,2019	http://www.cninfo.com.cn
2018 Annual Shareholders' General Meeting	Annual Shareholders' General Meeting	29.77%	May 17,2019	May 18,2019	http://www.cninfo.com.cn
The 2 nd Extraordinary Shareholders' General Meeting of 2019	Extraordinary Shareholders' general meeting	29.85%	June 5,2019	June 6,2019	http://www.cninfo.com.cn

II. Profit distribution and dividend payment

Applicable Not applicable

III. Commitments of the Company or its shareholders holding 5% or higher of the shares in the reporting period or carried to the reporting period

Applicable Not applicable

IV. Engagement and dismissal of the accounting firm

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

VII. Bankruptcy restructuring related matters

Applicable Not applicable

There were no bankruptcy restructuring related matters to the Company in the reporting period.

VIII. Major lawsuit issues

Applicable Not applicable

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

IX. Punishment and rectification

Applicable Not applicable

X. The credibility of companies and its controlling shareholder, actual controller

Applicable Not applicable

The controlling shareholder of the Company and the Company don't exist situation such as unfulfilled the court's effective judgments or failed to pay duly a large amount of debt during the reporting period.

XI. The implementation and effect of equity incentive

Applicable Not applicable

According to resolution of the 1st Extraordinary Shareholders' General Meeting of 2019, the Company terminated the implementation of the 2016 restricted stock incentive plan and repurchased and cancelled a total of 12,221,580 restricted shares.

XII. Important associated transactions

1. Important associated transactions

In the reporting period, the total amount of normal associated transactions between the Company and associated parties was 302,870 thousand-yuan, accounting for 39.33% of the budgeted amount for the year 2019. This included 121,750 thousand-yuan, accounting for 43.48% of the budgeted amount for the year 2019, for purchasing supporting products for package projects from associated parties, and 181,120 thousand yuan, accounting for 36.96% of the budgeted amount for the year 2019, from selling supporting parts and components to associated parties.

2. Associated transactions related to purchases or sales of assets

Applicable Not applicable

3. Important associated transactions with joint external investments

Applicable Not applicable

4. Current associated rights of credit and liabilities

Applicable Not applicable

5. Other associated transactions

Applicable Not applicable

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

The company had no capital occupation by the holding shareholders and their related parties in the listed company within this reporting period.

XIV. Major contract and its performance**1. Hosting, contracting and leasing status**

(1) the hosting status

Applicable Not applicable

(2) the contracting status

Applicable Not applicable

(3) the leasing status

Applicable Not applicable

The Company signed rental contract with MHI Bingshan Refrigeration (Dalian) Co., Ltd., and rent # 6 workshop building located on No. 106 Liaohe East Rd, Dalian Economic and Technology Development Zone to MHI Bingshan Refrigeration (Dalian) Co., Ltd. The rental area is 15,259.04 square meters, and the rental term till 16th July, 2029. The annual rent fee for 2018 is RMB 4.2 million Yuan. In 2019, a revised agreement was signed to collect rent of 4 million yuan per year. In 2019, the rent was deducted by 875,000 yuan at one time because some projects were not used.

The Company signed rental contract with Dalian Bingshan Wisdom Park Co., Ltd., and rent out the whole land and house of the Company's old plant locating at No. 888, Southwest Road, Shahekou District, Dalian to Dalian Bingshan Wisdom Park Co., Ltd., with rental land area of 167,165.61 square meters and housing area of 105,652.43 square meters. The lease term is from April 1, 2017 to December 31, 2036. The annual rent fee for 2019 is RMB 7.86 million Yuan.

2. Guaranteeing status

Applicable Not applicable

Resolution of 2nd meeting of 7th session of the Board of directors agreed to provide guarantee to Dalian Bingshan Group Co., Ltd. for obtaining Development Fund of National Development Bank. Total amount of the loan was RMB160 million with interest rate 1.2%, and the loan period was 10 years. The fund can only be used for cold chain green intelligent equipment and the development of service industry. When Dalian Bingshan Group Co., Ltd. receives the fund, it has transferred all the fund to the Company with the same conditions. The above guarantee to Dalian Bingshan Group Co., Ltd. is to the Company itself actually.

During the reporting period, Wuxin Refrigeration, the subsidiary company of the Company, is responsible for providing joint and several liabilities to its customers, Anhui Songze, for borrowing money from the bank. The guarantee amount is 10 million yuan and the guarantee period are 3 years. Meanwhile, Anhui Songze provides counter-guarantee to Wuxin Refrigeration with the equipment and ownership of the project.

3. Other important contracts

Applicable Not applicable

XV. Social responsibilities

Applicable Not applicable

Enterprise or subsidiary	Main pollutant and features	Way of discharge	Number of discharge outlet	Distribution of the discharge outlet	Emission concentration	Pollutant discharge standard implemented	Total discharge	Total approved emissions	Excessive emission
Dalian Refrigeration Co., Ltd.	COD	sequence	1	Unified discharged	90 mg/L	DB21 1627-2008	1.54 tons	6 tons	Not over standard
Dalian Refrigeration Co., Ltd.	Ammonia nitrogen	sequence	1	Unified discharged	29.1mg/L	DB21 1627-2008	0.19 tons	0.9 tons	Not over standard
Dalian Refrigeration Co., Ltd.	Dust	sequence	1	Unified discharged	10.6mg/m ³	GB9078-19 96	1.60 tons	6.8 tons	Not over standard

1、Major environmental issues

2、Fulfillment of social responsibilities for targeted poverty alleviation

In the first half of 2019, the Company joined hands with the controlling shareholder and continued to carry through the fixed-point poverty alleviation at Songlin Village, Guangmingshan Town, Zhuanghe City. The Company will continue to pay attention to the construction and use of the cultural square in songlin village, and implement the poverty alleviation work.

In the second half of 2019, the Company will innovate the support measures and continue to promote accurate poverty alleviation planning.

(1) Continue to maintain close contact with songlin village, and timely on-site investigation, timely understanding of the local needs for help, on the basis of helping build the villagers' cultural square, continue to give support in other aspects of infrastructure construction to benefit the people.

(2) Continuously organize volunteer teams, take the "bingshan love student support point" in songlin village as the front, and carry out regular student support donation activities, actively alleviate poverty and give living and learning supplies to help students with difficulties.

XVI. Other important matters

Applicable Not applicable

XVII. Other important matters of subsidiary company

Applicable Not applicable

Section 6 Change in Share Capital and Shareholders' Information

I. Change in share capital

1. Change in share capital

items	Shares (before change)		Changes	Shares (after change)	
	number	proportion		number	proportion
I. Non-circulating share capital with restricted trade conditions	16,043,275	1.88%	-12,078,745	3,964,530	0.47%
Other domestic shares	16,043,275	1.88%	-12,078,745	3,964,530	0.47%
II. Circulating share capital	839,390,812	98.12%	-142,835	839,247,977	99.53%
1. Domestically listed ordinary shares	597,890,812	69.89%	-142,835	597,747,977	70.89%
2. Domestically listed foreign shares	241,500,000	28.23%	0	241,500,000	28.64%
III. Total shares	855,434,087	100.00%	-12,221,580	843,212,507	100.00%

The reason for the Change in share capital

On January 17, 2019, the Company appointed a new supervisor; on February 25, 2019, the cancellation of restricted stock repurchase in part of the Company's 2016 restricted stock incentive plan was completed.

The things mentioned above in the report have caused the change of the total amount of shares and the structure of stock.

Approval of changes in shares

Applicable Not applicable

The supervisor was elected by the 1st Extraordinary Shareholders' General Meeting of 2019 of the Company; the termination of the Company's 2016 restricted stock incentive plan and the repurchase and cancellation of part of restricted stock was reviewed and approved by the 1st Extraordinary Shareholders' General Meeting of 2019 of the Company.

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

(1)The basic earnings per share of 2018 is 0.13 yuan; According to the latest equity is adjusted for 0.13yuan;

(2)The diluted earnings per share of 2018 is 0.13 yuan; According to the latest equity is adjusted for 0.13 yuan;

(3)The net assets per share of 2018 is 3.95 yuan; According to the latest equity is adjusted for 4.01 yuan.

2. The restricted shares changes

Applicable Not applicable

For details, please see the Chinese version of 2019 Semiannual Report.

II. Securities issuance and listing

1. Securities issuance in the report period

Applicable Not applicable

III. Shareholders and actual controller

1. Number of shareholders and their shareholding

Total number of shareholders in the reporting period				54,558	
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	0	0
Sanyo Electric Co., Ltd.	Overseas legal person	8.72%	73,503,150	0	0
Zhang Sufen	Domestic natural person	0.77%	6,520,000	0	0
Lin Zhenming	Foreign natural person	0.76%	6,400,000	0	0
Wu An	Domestic natural person	0.53%	4,500,000	0	0
Sun Huiming	Domestic natural person	0.52%	4,384,079	0	0
BOCI SECURITIES LIMITED	Overseas legal person	0.41%	3,471,602	0	0
Dalian industrial development investment Co., Ltd.	Domestic non-state-owned legal person	0.40%	3,406,725	0	0
Xue Hong	Domestic natural person	0.35%	2,940,000	0	0
Li Xiaohua	Domestic natural person	0.32%	2,704,208	0	0
Shareholding of top ten shareholders without sale restriction					
Name	Number of shares without sale restriction		Type of shares		
Dalian Bingshan Group Co., Ltd.	170,916,934		RMB denominated ordinary shares		
Sanyo Electric Co., Ltd.	73,503,150		Domestically listed foreign shares		
Zhang Sufen	6,520,000		RMB denominated ordinary shares		
Lin Zhenming	6,400,000		Domestically listed foreign shares		
Wu An	4,500,000		Domestically listed foreign shares		
Sun Huiming	4,384,079		Domestically listed foreign shares		
BOCI SECURITIES LIMITED	3,471,602		Domestically listed foreign shares		
Dalian industrial development investment Co., Ltd.	3,406,725		RMB denominated ordinary shares		
Xue Hong	2,940,000		Domestically listed foreign shares		
Li Xiaohua	2,704,208		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.				

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

Yes No

IV. 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

Section 7 Information on Preferred Stock

Applicable Not applicable

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

Section 8 Information on the Company's Directors, Supervisors, and Senior Managers

I. Changes in shareholding by directors, supervisors and senior managers

√Applicable □ Not applicable

Name	Position	Office-holding state	Shares held at beginning of period (shares)	Increase on holding of shares in this period (shares)	Decrease in holding of shares in this period (shares)	Shares held at the end of period (shares)
Ji Zhijian	Chairman	Incumbent	1,528,830	0	0	1,528,830
Ding Jie	Vice Chairman, GM	Incumbent	1,015,000	0	490,000	525,000
Xu Junrao	Director	Incumbent	995,349	0	0	995,349
Fan Yuekun	Director DGM	Incumbent	700,000	0	490,000	210,000
Yokoo Sadaaki	Director	Incumbent	0	0	0	0
Nishimoto Shigeyuki	Director	Incumbent	0	0	0	0
Dai Dashuang	Independent director	Incumbent	0	0	0	0
Liu Jiwei	Independent director	Incumbent	0	0	0	0
Wang Yan	Independent director	Incumbent	0	0	0	0
Hu Xitang	Chairman of the board of Supervisors	Incumbent	0	0	0	0
Zhao Huiming	Supervisor	Incumbent	190,447	0	0	190,447
Dai Yuling	Supervisor	Incumbent	0	0	0	0
Ma Yun	Chief Financial Officer	Incumbent	525,000	0	490,000	35,000
Song Wenbao	Board secretary	Incumbent	593,880	0	0	593,880
Takagi Toshiyuki	Director	Leaving	0	0	0	0
Shin Kudo	Director	Leaving	0	0	0	0
Watabe Shinichi	Director	Leaving	0	0	0	0
Mao Chunhua	Chairman of the board of Supervisors	Leaving	0	0	0	0
Total	--	--	5,548,506	0	1,470,000	4,078,506

During the reporting period, the decrease of shares of some directors and senior managers of the Company is due to the repurchase and logout of some restricted shares of the 2016 restricted stock incentive plan.

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

Name	Position held	Type	Date	Reason
Mao Chunhua	Supervisor	Leaving office	Jan.17, 2019	Expiration of term
Shin Kudo	Director	Leaving office	Jan.17, 2019	Expiration of term
Takagi Toshiyuki	Director	Leaving office	May 8, 2019	Resign from the Company due to job changes
Watabe Shinichi	Director	Leaving office	May 8, 2019	Resign from the Company due to job changes

Section 9 Corporate Bonds

The Company's non-public issuance of exchangeable corporate bonds was listed at the Shanghai Stock Exchange on August 6, 2018. 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. The special account for the Company's 2018 exchangeable corporate bonds fund raising was cancelled in March 2019. During the reporting period, the Company's exchangeable corporate bondholders exchanged a total of 8.3889 million shares.

Section 10 Financial Report

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

II. Accounting statement

BALANCE SHEET

Prepared by Dalian Refrigeration Co., Ltd.

June 30, 2019

Unit: RMB Yuan

Items	30-June-2019		31-Dec-2018	
	Consolidation	Parent Company	Consolidation	Parent Company
Current assets:				
Monetary funds	231,766,622.54	100,588,572.36	343,026,485.11	186,976,185.10
Transaction financial assets				
Financial assets which are measured by fair value and which changes are recorded in current profit and loss				
Derivative financial assets				
Notes receivable	154,749,147.97	64,944,562.37	171,292,044.56	63,673,648.65
Accounts receivable	1,242,102,434.51	532,504,574.39	1,107,546,588.30	418,715,646.60
Accounts in advance	169,837,285.13	55,733,450.97	158,405,300.50	69,577,538.44
Other receivables	92,269,545.78	61,650,745.69	48,508,755.15	14,003,269.34
Interest receivables			318,886.12	318,886.12
Dividend receivable	56,591,452.20	56,591,452.20	33,450.00	
Inventories	506,818,620.94	225,906,253.16	450,195,300.53	194,747,632.08
Assets held for sale				
Non-current asset due within one year				
Other current assets	10,919,417.09	502,579.11	18,266,589.12	8,056,055.09
Total current assets	2,408,463,073.96	1,041,830,738.05	2,297,241,063.27	955,749,975.30
Non-current assets:				
Finance asset held available for sales			382,186,729.99	380,771,587.49
Held-to-maturity investment				
Long-term account receivable				
Long-term equity investment	1,628,330,214.50	2,211,259,839.98	1,619,693,570.97	2,201,953,842.42
Other non-current financial assets	301,270,305.39	299,855,162.89		
Investment property	97,846,891.45	109,001,565.44	100,338,241.99	111,421,702.70
Fixed assets	926,981,106.12	703,919,706.11	953,298,058.11	725,516,578.53
Construction in progress	49,722,435.06	24,914,982.62	19,796,212.82	18,010,457.61
Productive biological asset				
Oil and gas asset				
Intangible assets	143,985,088.16	68,783,428.55	147,018,592.71	70,049,323.57
Expense on Research and Development				
Goodwill	1,750,799.49		1,750,799.49	
Long-term expenses to be apportioned	12,068,633.37	10,498,387.92	12,873,428.19	11,244,777.00
Deferred income tax asset	36,887,124.74	4,372,833.57	34,082,754.72	4,303,943.48
Other non-current asset				
Total non-current asset	3,198,842,598.28	3,432,605,907.08	3,271,038,388.99	3,523,272,212.80

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Total assets	5,607,305,672.24	4,474,436,645.13	5,568,279,452.26	4,479,022,188.10
Current liabilities:				
Short-term loans	289,000,000.00	249,000,000.00	250,000,000.00	250,000,000.00
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	308,942,433.94	180,422,498.75	273,401,536.58	114,845,621.59
Accounts payable	917,599,819.45	297,925,638.95	859,489,558.61	297,954,195.20
Accounts received in advance	138,163,912.46	39,450,916.74	122,151,101.00	29,579,144.85
Wage payable	11,033,473.25	450,461.45	31,856,136.59	7,376,290.42
Taxes payable	20,355,341.17	13,558,523.93	13,608,212.32	3,399,150.12
Other accounts payable	78,521,779.11	48,137,952.52	63,313,958.43	30,439,931.10
Interest payable	297,917.07	297,917.07	1,369,527.78	1,369,527.78
Dividend payable	42,693,781.35	42,693,781.35	533,156.00	533,156.00
Liabilities held for sale				
Non-current liabilities due within one year	1,472,720.00		2,999,574.93	
Other current liabilities				
Total current liabilities	1,765,089,479.38	828,945,992.34	1,616,820,078.46	733,594,333.28
Non-current liabilities:				
Long-term loans	160,000,000.0	160,000,000.00	160,000,000.00	160,000,000.00
Bonds payable	25,000,034.00	25,000,034.00	176,000,000.00	176,000,000.00
Preferred stock				
Perpetual bond				
Long-term account payable	17,574,885.46		1,532,949.94	
Long-term wage payable				
Special payable				
Anticipation liabilities				
Deferred income	100,384,815.79	58,325,994.98	103,542,093.79	60,907,828.40
Deferred income tax liabilities	41,009,166.63	41,009,166.63	51,954,442.22	51,954,442.22
Other non-current liabilities				
Total non-current liabilities	343,968,901.88	284,335,195.61	493,029,485.95	448,862,270.62
Total liabilities	2,109,058,381.26	1,113,281,187.95	2,109,849,564.41	1,182,456,603.90
Shareholders' equity				
Share capital	843,212,507.00	843,212,507.00	855,434,087.00	855,434,087.00
Other equity instruments				
Preferred stock				
Perpetual bond				
Capital public reserve	726,768,468.00	771,270,562.83	760,365,342.00	804,867,436.83
Less: Treasury stock			21,026,106.00	21,026,106.00
Other comprehensive income	2,501,459.77	1,539,359.10	296,909,965.55	295,947,864.88
Special preparation				
Surplus public reserve	753,519,177.11	753,519,177.11	721,091,040.02	721,091,040.02
Generic risk reserve				
Retained profit	1,093,052,951.09	991,613,851.14	764,859,288.45	640,251,261.47
Total owner's equity attributable to parent company	3,419,054,562.97	3,361,155,457.18	3,377,633,617.02	3,296,565,584.20

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Minority interests	79,192,728.01		80,796,270.83	
Total owner's equity	3,498,247,290.98	3,361,155,457.18	3,458,429,887.85	3,296,565,584.20
Total liabilities and shareholder's equity	5,607,305,672.24	4,474,436,645.13	5,568,279,452.26	4,479,022,188.10

Legal Representative: Ji Zhijian Chief Financial Official: Ma Yun Person in Charge of Accounting Organization: Mao Chunhua

INCOME STATEMENT

Prepared by Dalian Refrigeration Co., Ltd. January-June, 2019 Unit: RMB Yuan

Items	January-June, 2019		January-June 2018	
	Consolidation	Parent Company	Consolidation	Parent Company
I. Total sales	1,075,729,240.57	325,356,273.32	1,029,078,536.79	303,046,735.19
II. Total operating cost	1,101,546,628.92	328,308,008.76	1,028,009,367.58	321,430,557.24
Including: Operating cost	919,759,979.86	276,893,396.82	852,843,875.27	260,733,552.03
Taxes and associate charges	8,730,283.87	4,773,987.02	8,733,921.73	4,555,858.93
Selling and distribution expenses	53,096,818.62	5,371,238.79	48,662,813.11	281,553.90
Administrative expenses	85,942,095.21	24,161,373.15	81,515,156.00	38,446,055.18
R&D expenses	28,549,864.17	13,071,247.34	27,614,336.67	12,006,561.51
Financial expense	5,467,587.19	4,036,765.64	8,639,264.80	5,406,975.69
Including: interest expense	5,542,418.26	3,772,180.01	8,884,281.55	6,670,364.53
interest income	572,223.80	211,170.87	2,069,056.36	1,711,676.17
Add: Other income	2,035,436.84		109,637.40	
Gain/(loss) from investment	117,127,421.73	120,796,775.76	66,613,044.44	73,950,865.14
Including: income from investment on affiliated enterprise and jointly enterprise	72,239,478.13	72,908,832.16	55,473,486.44	56,407,982.41
Gain/(loss) from change in fair value	40,461,125.59	40,461,125.59		
Assets impairment loss (loss as “-“)	-16,863,134.42	-3,112,743.25	-8,083,861.40	4,287,358.03
Gain/(loss) from asset disposal	1,242,799.31	582,050.16	230,812.06	248,128.41
III. Operating profit	118,186,260.70	142,704,225.48	59,938,801.71	60,102,529.53
Add: non-business income	2,472,365.13	200.07	2,176,863.94	251,000.07
Less: non-business expense	121,643.51	75,126.57	153,590.70	80,000.00
IV. Total profit	120,536,982.32	142,629,298.98	61,962,074.95	60,273,529.60
Less: Income tax	13,766,605.84	11,086,452.65	3,440,444.25	572,108.49
V. Net profit	106,770,376.48	131,542,846.33	58,521,630.70	59,701,421.11
(I) Net profit from continuous operation	106,770,376.48	131,542,846.33	58,521,630.70	59,701,421.11
(II) Net profit from discontinuing operation				
Net profit attributable to parent company	108,373,919.30	131,542,846.33	59,017,542.28	59,701,421.11
Minority shareholders' gains and losses	-1,603,542.82		-495,911.58	
VI. After-tax net amount of other comprehensive incomes			-87,068,749.65	-87,068,749.65
After-tax net amount of other comprehensive incomes attributable to owners of the Company			-87,068,749.65	-87,068,749.65
(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			-87,068,749.65	-87,068,749.65
1. Enjoyable shares in other comprehensive incomes in invests that will be reclassified into gains and losses under the equity method				
2. Changes in the fair value of other debt investments				
3. Gains and losses on fair value changes of available-for-sale financial assets			-87,068,749.65	-87,068,749.65
4. The amount of financial assets reclassified				

into other comprehensive income				
5. Held-to-maturity investments are reclassified as saleable financial asset gains and losses				
6. Others				
After-tax net amount of other comprehensive incomes attributable to minority shareholders				
VII Total comprehensive income	106,770,376.48	131,542,846.33	-28,547,118.95	-27,367,328.54
Total comprehensive income attributable to parent company	108,373,919.30	131,542,846.33	-28,051,207.37	-27,367,328.54
Total comprehensive income attributable to minority shareholders	-1,603,542.82		-495,911.58	
VIII. Earnings per share				
(I) basic earnings per share	0.127		0.069	
(II) diluted earnings per share	0.127		0.069	

Legal Representative: Ji Zhijian Chief Financial Official: Ma Yun Person in Charge of Accounting Organization: Mao Chunhua

CASH FLOW STATEMENT

Prepared by Dalian Refrigeration Co., Ltd.

January -June, 2019

Unit: RMB Yuan

Items	January -June, 2019		January -June, 2018	
	Consolidation	Parent Company	Consolidation	Parent Company
I. Cash flows arising from operating activities:				
Cash received from selling commodities and providing labor services	618,147,609.49	227,740,556.29	632,708,032.41	213,979,631.33
Write-back of tax received	8,019,673.18		8,304,625.28	
Other cash received concerning operating activities	17,779,038.66	4,348,684.15	18,524,029.58	4,274,956.26
Subtotal of cash inflow arising from operating activities	643,946,321.33	232,089,240.44	659,536,687.27	218,254,587.59
Cash paid for purchasing commodities and receiving labor service	426,426,299.23	159,249,772.95	459,421,142.63	221,317,190.65
Cash paid to/for staff and workers	188,059,306.43	66,691,776.09	189,833,832.63	70,455,961.47
Taxes paid	43,807,228.95	14,147,587.37	53,229,514.92	4,952,102.76
Other cash paid concerning operating activities	63,429,524.60	13,181,849.87	72,380,954.26	10,875,163.82
Subtotal of cash outflow arising from operating activities	721,722,359.21	253,270,986.28	774,865,444.44	307,600,418.70
Net cash flows arising from operating activities	-77,776,037.88	-21,181,745.84	-115,328,757.17	-89,345,831.11
II. Cash flows arising from investing activities:				
Cash received from recovering investment				
Cash received from investment income	11,365,084.60	11,331,634.60	20,779,048.00	20,745,598.00
Net cash received from disposal of fixed, intangible and other long-term assets	1,691,731.61	810,000.00	4,093,774.11	
Net cash received from disposal of subsidiaries and other units				
Other cash received concerning investing activities			76,000,000.00	76,000,000.00
Subtotal of cash inflow from investing activities	13,056,816.21	12,141,634.60	100,872,822.11	96,745,598.00
Cash paid for purchasing fixed, intangible and other long-term assets	27,160,372.19	23,937,190.63	104,301,920.61	95,865,456.22
Cash paid for investment			4,327,733.43	
Net cash paid for achievement of subsidiaries and other business units				
Other cash paid concerning investing activities				
Subtotal of cash outflow from investing activities	27,160,372.19	23,937,190.63	108,629,654.04	95,865,456.22
Net cash flows arising from investing activities	-14,103,555.98	-11,795,556.03	-7,756,831.93	880,141.78
III. Cash flows arising from financing activities				
Cash received from absorbing investment				
Including: Cash received from absorbing minority shareholders' equity investment by subsidiaries				
Cash received from loans	340,210,100.00	249,000,000.00	313,004,000.00	300,000,000.00
Cash received from issuing bonds				
Other cash received concerning financing activities	38,323,050.64		30,116,287.80	
Subtotal of cash inflow from financing activities	378,533,150.64	249,000,000.00	343,120,287.80	300,000,000.00
Cash paid for settling debts	303,180,583.85	250,000,000.00	249,904,100.00	230,000,000.00
Cash paid for dividend and profit distributing or interest paying	6,158,656.56	4,843,793.50	9,236,961.88	7,049,450.06
Including: dividends or profit paid by subsidiaries to minority shareholders				
Other cash paid concerning financing activities	67,866,365.93	47,566,389.36	21,119,640.70	3,446,078.94
Subtotal of cash outflow from financing activities	377,205,606.34	302,410,182.86	280,260,702.58	240,495,529.00
Net cash flows arising from financing activities	1,327,544.30	-53,410,182.86	62,859,585.22	59,504,471.00
IV. Influence on cash due to fluctuation in exchange rate	266,799.33	-128.01	-1,035,797.29	-310.29

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V. Net increase of cash and cash equivalents	-90,285,250.23	-86,387,612.74	-61,261,801.17	-28,961,528.62
Add: Balance of cash and cash equivalents at the period -begin	304,703,434.47	186,976,185.10	364,693,406.31	234,655,092.14
VI. Balance of cash and cash equivalents at the period-end	214,418,184.24	100,588,572.36	303,431,605.14	205,693,563.52

Legal Representative: Ji Zhijian Chief Financial Official: Ma Yun Person in Charge of Accounting Organization: Mao Chunhua

CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

Prepared by Dalian Refrigeration Company Limited

2019.01-06

Unit: RMB Yuan

Items	2019.01-06								
	Owners' equity attributable to parent company							Minority equity	Total of owners' equity
	share capital	Capital surplus	Lessen: treasury stock	Other comprehensive income	Special preparation	Surplus reserve	Retained profits		
I. balance at the end of last year	855,434,087.00	760,365,342.00	21,026,106.00	296,909,965.55		721,091,040.02	764,859,288.45	80,796,270.83	3,458,429,887.85
1. Change of accounting policy				-294,408,505.78			294,408,505.78		
2. Correction of errors in previous period									
II. Balance at the beginning of this year	855,434,087.00	760,365,342.00	21,026,106.00	2,501,459.77		721,091,040.02	1,059,267,794.23	80,796,270.83	3,458,429,887.85
III. Increase/ decrease of amount in this year ("+" means increase)	-12,221,580.00	-33,596,874.00	-21,026,106.00			32,428,137.09	33,785,156.86	-1,603,542.82	39,817,403.13
(I) Total comprehensive incomes							108,373,919.30	-1,603,542.82	106,770,376.48
(II) Capital increased and reduced by owners	-12,221,580.00	-33,596,874.00	-21,026,106.00						-24,792,348.00
1. Common shares increased by shareholders	-12,221,580.00	-33,596,874.00	24,792,348.00						-70,610,802.00
2. Capital increased by holders of other equity instruments									
3. Amounts of share-based payments recognized in owners' equity			-45,818,454.00						45,818,454.00
4. Other									
(III) Profit distribution						32,428,137.09	-74,588,762.44		-42,160,625.35
1. Withdrawing surplus public reserve						32,428,137.09	-32,428,137.09		-
2. Distribution to all owners (shareholders)							-42,160,625.35		-42,160,625.35
3. Others									
(IV) Internal carrying forward of owners' equity									
1. New increase of share capital from capital reserves									
2. Convert surplus reserves to share capital									
3. Surplus reserves make up losses									
4. Others									
(V) Specific reserve									
1. Withdrawn for the period					1,025,336.49				1,025,336.49
2. Used in the period					-1,025,336.49				-1,025,336.49
(VI) Other									
IV. Balance at the end of this period	843,212,507.00	726,768,468.00		2,501,459.77		753,519,177.11	1,093,052,951.09	79,192,728.01	3,498,247,290.98

Legal Representative: Ji Zhijian Chief Financial Official: Ma Yun Person in Charge of Accounting Organization: Mao Chunhua

Items	2018.01-06								
	Owners' equity attributable to parent company							Minority equity	Total of owners' equity
	share capital	Capital surplus	Lessen: treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Retained profits		
I. balance at the end of last year	856,487,181.00	757,532,081.34	23,305,370.40	407,269,002.11		668,150,375.30	750,397,795.56	78,281,832.85	3,494,812,897.76
1. Change of accounting policy									
2. Correction of errors in previous period									
3. Merger of enterprises under the same control.									
II. Balance at the beginning of this year	856,487,181.00	757,532,081.34	23,305,370.40	407,269,002.11		668,150,375.30	750,397,795.56	78,281,832.85	3,494,812,897.76
III. Increase/ decrease of amount in this year ("-" means decrease)	-1,053,094.00	-444,219.58	-2,279,264.40	-87,068,749.65		36,726,596.18	-20,786,376.67	7,646,540.78	-62,700,038.54
(I) Total comprehensive incomes				-87,068,749.65			59,017,542.28	-495,911.58	-28,547,118.95
(II) Capital increased and reduced by owners									
1. Common shares increased by shareholders									
2. Capital increased by holders of other equity instruments									
3. Amounts of share-based payments recognized in owners' equity		1,948,765.36							1,948,765.36
4. Other									
(III) Profit distribution						36,726,596.18	-79,803,918.95	-1,140,000.00	-44,217,322.77
1. Withdrawing surplus public reserve						36,726,596.18	-36,726,596.18		
2. Withdrawing general risk preparation.									
3. Distribution to all owners (shareholders)							-42,771,704.35	-1,140,000.00	-43,911,704.35
4. Others							-305,618.42		-305,618.42
(IV) Internal carrying forward of owners' equity									
1. New increase of share capital from capital reserves									
2. Convert surplus reserves to share capital									
3. Surplus reserves make up losses									
4. Others									
(V) Specific reserve									
1. Withdrawn for the period					1,066,759.88				1,066,759.88
2. Used in the period					-1,066,759.88				-1,066,759.88
(VI) Other									
IV. Balance at the end of this period	855,434,087.00	757,087,861.76	21,026,106.00	320,200,252.46		704,876,971.48	729,611,418.89	85,928,373.63	3,432,112,859.22

Legal Representative: Ji Zhijian Chief Financial Official: Ma Yun Person in Charge of Accounting Organization: Mao Chunhua

STATEMENT OF CHANGES IN OWNERS' EQUITY

Prepared by Dalian Refrigeration Company Limited

2019.01-06

Unit: RMB Yuan

Items	2019.01-06								Total of owners' equity
	Owners' equity attributable to parent company								
	share capital	Other equity instrument	Capital surplus	Lessen: treasury stock	Other comprehensive income	Special preparation	Surplus reserve	Retained profits	
I. balance at the end of last year	855,434,087.00		804,867,436.83	21,026,106.00	295,947,864.88		721,091,040.02	640,251,261.47	3,296,565,584.20
1. Change of accounting policy					-294,408,505.78			294,408,505.78	
2. Correction of errors in previous period									
II. Balance at the beginning of this year	855,434,087.00		804,867,436.83	21,026,106.00	1,539,359.10		721,091,040.02	934,659,767.25	3,296,565,584.20
III. Increase/ decrease of amount in this year ("-" means decrease)	-12,221,580.00		-33,596,874.00	-21,026,106.00			32,428,137.09	56,954,083.89	64,589,872.98
(I) Total comprehensive incomes								131,542,846.33	131,542,846.33
(II) Capital increased and reduced by owners	-12,221,580.00		-33,596,874.00	-21,026,106.00					-24,792,348.00
1. Common shares increased by shareholders	-12,221,580.00		-33,596,874.00	24,792,348.00					-70,610,802.00
2. Capital increased by holders of other equity instruments									
3. Amounts of share-based payments recognized in owners' equity				-45,818,454.00					45,818,454.00
4. Other									
(III) Profit distribution							32,428,137.09	-74,588,762.44	-42,160,625.35
1. Withdrawing surplus public reserve							32,428,137.09	-32,428,137.09	
2. Distribution to all owners (shareholders)								-42,160,625.35	-42,160,625.35
3. Others									
(IV) Internal carrying forward of owners' equity									
1. New increase of share capital from capital reserves									
2. Convert surplus reserves to share capital									
3. Surplus reserves make up losses									
4. Others									
(V) Specific reserve									
1. Withdrawn for the period						1,025,336.49			1,025,336.49
2. Used in the period						-1,025,336.49			-1,025,336.49
(VI) Other									
IV. Balance at the end of this period	843,212,507.00		771,270,562.83		1,539,359.10		753,519,177.11	991,613,851.14	3,361,155,457.18

Legal Representative: Ji Zhijian Chief Financial Official: Ma Yun Person in Charge of Accounting Organization: Mao Chunhua

Items	2018.01-06								
	Owners' equity attributable to parent company								Total of owners' equity
	share capital	Other equity instrument	Capital surplus	Lessen: treasury stock	Other comprehensive income	Special preparation	Surplus reserve	Retained profits	
I. balance at the end of last year	856,487,181.00		802,034,176.17	23,305,370.40	406,306,901.44		668,150,375.30	573,846,640.63	3,283,519,904.14
1. Change of accounting policy									
2. Correction of errors in previous period									
II. Balance at the beginning of this year	856,487,181.00		802,034,176.17	23,305,370.40	406,306,901.44		668,150,375.30	573,846,640.63	3,283,519,904.14
III. Increase/ decrease of amount in this year ("-" means decrease)	-1,053,094.00		-444,219.58	-2,279,264.40	-87,068,749.65		36,726,596.18	-19,796,879.42	-69,357,082.07
(I) Total comprehensive incomes					-87,068,749.65			59,701,421.11	-27,367,328.54
(II) Capital increased and reduced by owners	-1,053,094.00		-444,219.58	-2,279,264.40					781,950.82
1. Common shares increased by shareholders	-1,053,094.00		-2,392,984.94	-2,279,264.40					-1,166,814.54
2. Capital increased by holders of other equity instruments									
3. Amounts of share-based payments recognized in owners' equity			1,948,765.36						1,948,765.36
4. Other									
(III) Profit distribution							36,726,596.18	-79,498,300.53	-42,771,704.35
1. Withdrawing surplus public reserve							36,726,596.18	-36,726,596.18	
2. Distribution to all owners (shareholders)								-42,771,704.35	-42,771,704.35
3. Others									
(IV) Internal carrying forward of owners' equity									
1. New increase of share capital from capital reserves									
2. Convert surplus reserves to share capital									
3. Surplus reserves make up losses									
4. Others									
(V) Specific reserve									
1. Withdrawn for the period						1,066,759.88			1,066,759.88
2. Used in the period						-1,066,759.88			-1,066,759.88
(VI) Other									
IV. Balance at the end of this period	855,434,087.00		801,589,956.59	21,026,106.00	319,238,151.79		704,876,971.48	554,049,761.21	3,214,162,822.07

Legal Representative: Ji Zhijian Chief Financial Official: Ma Yun Person in Charge of Accounting Organization: Mao Chunhua

III. General Information

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

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

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

The 17th meeting of the 6th generation of board was held on 4th June 2015 and the 2nd interim shareholders' meeting was held on 24th June 2015, meeting deliberated and passed the proposal of non-public offering of 'A shares'. China's Securities Regulatory Commission issued SFC license [2015]3137 on 30th December, 2015, approving that new non-public offering cannot exceeded 38,821,954 number of shares. The company implemented the post meeting procedures for China's Securities Regulatory Commission, which is regarding adjustment of bottom price and the number of the shares issued after the implementation of profit distribution policy of 2015 in May, 2016, and accordingly revised the upper limit of non-public offering of share to 58,645,096 number of new 'A shares'. The company issued the non-public offering of 58,645,096 number of 'A shares' to 7 investors, and as a result, the total number of shares of the company is changed to 598,892,558 shares, and the par value is 1yuan per share and the total share capital is 598,892,558.00Yuan. The share capital stated above has been verified by DaHua Certified Public Accountants, and has been issued the capital verification report Dahuayanzi [2016]000457 on 31st May 2016.

According to the 'Restricted Share Incentive Plan(draft) of Dalian Refrigeration Company Limited for the year of 2016' and the 'Proposal regarding the shareholders' meeting authorized the board of directors to implement the Restricted Share Incentive Plan' approved on the 3rd provisional general meeting held on 13th September 2016, the 9th meeting of the 7th generation of board deliberated and passed the 'Proposal about granting the restricted shares to incentive targets' on September 20th, 2016 and set 20th September 2016 as share granted date, and granted 12,884,000 number of restricted shares to 188 incentive targets at granted price of 5.62Yuan per

share. By 22nd November, 2016, the company has actually received the newly subscribed registered share capital of 12,884,000 Yuan subscribed by incentive targets. The share capital stated above has been verified by DaHua Certified Public Accountants, and has been issued the capital verification report Dahuayanzi [2016]001138 on 23rd November, 2016.

On May 20th, 2017, the general meeting for 2016 fiscal year was held and profit appropriation scheme for 2016 FY was approved, which was every 10 shares will be increased by 4 shares through capital reserve based on the total 611,776,558 number of shares. After the profit appropriation scheme, the registered capital was changed to RMB856,478,181.00 Yuan.

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

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

On December 10, 2018, the Company held the 25th meeting of the seventh board of directors which reviewed and approved the Proposal on terminating the implementation of 2016 Restricted Stock Incentive Plan of the Company and logging out the restricted stock.

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

The old address of the Company's registered office as same as head office is No.888 Xinan Road, Shahekou District, Dalian, China. In 2017, the Company relocated to new factory and changed its address to No.16 East of Liao River RD, DDA, Dalian China as same as HQ's address. The parent company of the Company is Dalian Bingshan Group Co., Ltd., and there is no ultimate controller regulated by the relevant law, regulations and rules.

The Company falls into industrial manufacturing sector, mainly engaged in industrial refrigeration, refrigerated and frozen food storage, and manufacture and installation of central air-conditioning and refrigeration equipment. The scope of business includes refrigeration equipment, valve, fixings refrigeration equipment, supported products processing and system design of air-conditioning. The company also offers technical consultation, technical services, commercial

trade and material supply and marketing.

This reporting period, entities within the consolidation scope has no change comparing to last year

IV. Financial Statements Preparation Basis

(1) Preparing basis

The Company's financial statements are prepared on the basis of going concern assumption, according to the actual occurred transactions and events and in accordance with 'Accounting Standards for Business Enterprises' and relevant regulations, and also based on the note IV "Significant Accounting Policies, Accounting Estimates".

(2) Going concern

The Company has the capacity to continually operate within 12 months at least since the end of report period, and hasn't the major issues impacting on the sustainable operation ability.

V. Significant Accounting Policies and Accounting Estimates

1, March 2017, the Ministry of Finance, respectively, revised and issued the accounting standards for enterprises No. 22 - recognition and measurement of financial instruments, the accounting standards for enterprises No. 23 - transfer of financial assets, the accounting standards for enterprises No. 24 - hedging accounting, the accounting standards for enterprises No. 37 - presentation of financial instruments such as the four related financial instruments accounting standards (hereinafter generally referred to as the "rule of financial instruments), in domestic and at the same time, listed companies and listed overseas and adopted international financial reporting standards accounting standards to prepare its financial report or enterprises, effective as of January 1, 2018; Other domestic listed enterprises shall take effect from January 1, 2019. In accordance with the above requirements, the Company will implement the above four accounting standards from January 1, 2019.

2. On April 30, 2019, the Ministry of Finance issued the notice on revising and issuing the 2019 annual general enterprise financial statement format (financial accounting [2019] No. 6), which revised the general enterprise financial statement format.

The Company has prepared financial statements according to the requirements of the new financial statement format. If the items of presentation of financial statements are changed, the Company has adjusted the comparison data during the comparable period according to the relevant provisions of the accounting standards for enterprises No. 30 - presentation of financial statements.

1. Declaration for compliance with accounting standards for business enterprises

The financial statements are prepared by the Group according to the requirements of Accounting Standard for Business Enterprise, and reflect the relative information for the financial position, operating performance, cash flow of the Group truly and fully.

2. Accounting period

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

3. Operating cycle

Normal operating cycle refers to the duration starting from purchasing the assets for manufacturing up to cash or cash equivalent realization. The group sets twelve months for one operating cycle and as the liquidity criterion for assets and liability.

4. Functional currency

The Group adopts RMB as functional currency.

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

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 in the 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.

For a business combination not under same control, the asset, liability and contingent liability obtained from the acquirer shall be measured at the fair value on the acquisition date. The combination cost shall be the fair value, on the acquisition date, of the assets paid, the liabilities incurred or assumed and equity securities issued by the acquirer in exchange for the control of the acquire, and sum of all direct expenses(if the combination is achieved in stages, the combination cost shall be the sum of individual transaction). 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.

6. Method of preparation of consolidated financial statements

All subsidiaries controlled by the Group and structured entities are within the consolidation scope.

If subsidiaries adopt different accounting policy or have different accounting period from the parent company, appropriated adjustments shall be made in accordance with the Group 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 there since the point when the ultimate controlling party starts to have the control.

If a business consolidation under common control is finally achieved in stages, consolidation accounting method shall be disclosed additionally for the period in which the control is obtained. For example, if a business consolidation under common control is finally achieved in stages, when preparing the consolidated financial statements, adjustments shall be made for the current consolidation status as if consolidation has always been there since the point when the ultimate controlling party starts to control. In preparation of comparative figures, asset and liability of the acquiree shall be consolidated into the Group’s comparative financial statements, but to the extent no earlier than the point when the Group and acquiree are both under ultimate control and relevant items under equity in comparative financial statements shall be adjusted for net asset increased in combination. To avoid the duplicated computation of net asset of acquiree, for long-term equity investment held by the Group before the consolidation, relevant profit and loss, other comprehensive income and movement in other net asset, recognized for the period between the combination date and later date when original shareholding is obtained and when the Group and the acquiree are under common control of same ultimate controlling party, shall be respectively used for writing down the opening balance of retained earnings of comparative financial statements and profit and loss for the current period.

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.

If a business consolidation under non-common control is finally achieved in stages, consolidation accounting method shall be disclosed additionally for the period in which the control is obtained. For example, 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 acquisition-date fair value and recognize the resulting 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 plan.

When the Group partially disposes of the long-term equity investment in subsidiary without losing the control over it, in the consolidated financial statements, the difference, between

disposals price and respective disposed value of share of net assets in the subsidiary since the acquisition date or combination date, shall be adjusted for capital surplus or share premium, no enough capital surplus, then adjusted for retained earnings.

When the Group partially disposes of the long –term equity investment in subsidiary and lose the control over it, in preparation of consolidated financial statements, remaining share of interest in the subsidiary shall be remeasured on the date of losing control. Sum of the share disposal consideration and fair value of remaining portion of shareholding minus the share of the net assets in the subsidiary held based on the previous shareholding percentage since the acquisition date or combination date, the balance of above is recognized as investment gain/loss for the period and goodwill shall be written off accordingly. Other comprehensive income relevant to share investment in subsidiary shall be transferred to investment gain /loss for the period on the date of losing control.

When the Group partially disposes of the long –term equity investment in subsidiary and lose the control over it by stages, if all disposing transactions are bundled, each individual transaction shall be seen as a transaction of disposal of a subsidiary by losing control. The difference between the disposal price and the share of the net assets in the subsidiary held before the date of losing control, shall be recognize as other comprehensive income until the date of losing control where it is transferred into investment gain/ loss for the current period.

7. Joint arrangement classification and joint operation accounting

The Group’s joint arrangement includes joint operation and joint venture. For joint operation, the Group as a joint operator shall recognize its own assets and its share of any assets held jointly, its liabilities and its share of any liabilities incurred jointly, its revenue from the sale of its share of the output arising from the joint operation, its share of the revenue from the sale of the output by the joint operation; and its expenses, including its share of any expenses incurred jointly. When an entity enters into a transaction with a joint operation in which it is a joint operator, such as a sale or contribution of assets, it is conducting the transaction with the other parties to the joint operation and, as such, the joint operator shall recognize gains and losses resulting from such a transaction only to the extent of the other parties’ interests in the joint operation.

8. Cash and cash equivalent

The cash listed on the cash flow statements of the Group 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 incurred. Monetary assets and

liabilities in foreign currencies are translated into RMB at the exchange rate prevailing at the balance sheet day. Exchange differences arising from the settlement of monetary items are charged as in profit or loss for the period. Exchange differences of specific borrowings related to the acquisition or construction of a fixed asset should be capitalized as occurred, before the relevant fixed asset being acquired or constructed is ready for its intended uses.

(2) Translation of foreign currency financial statements

The asset and liability items in the foreign currency balance sheet should be translated at a spot exchange rate at the balance sheet date. Among the owner's equity items except "undistributed profit", others should be translated at the spot exchange rate when they are incurred. The income and expense should be translated at spot exchange rate when the transaction incurs. Translation difference of foreign currency financial statements should be presented separately under the other comprehensive income title. Foreign currency cash flows are translated at the spot exchange rate on the day when the cash flows incur. The amounts resulted from change of exchange rate are presented separately in the cash flow statement.

10. Financial assets and financial liabilities

A financial asset or liability is recognized when the Company becomes a party to a financial instrument contract.

(1) financial assets

1) classification, confirmation basis and measurement method of financial assets

According to the business model of financial assets and the contractual cash flow characteristics of financial assets, the Company classifies financial assets as financial assets measured at amortized cost, financial assets measured at fair value and its changes included in other comprehensive income, and financial assets measured at fair value and its changes included in current profit and loss.

The Company classifies the financial assets that meet the following conditions as financial assets measured by amortized cost: (1) the business model of managing the financial assets is to collect contract cash flow as the target. (2) the contractual terms of the financial asset provide that the cash flow generated on a given date is only the payment of the principal and the interest based on the outstanding principal amount. Such financial assets shall be initially measured according to their fair value, and relevant transaction expenses shall be included in the initial recognized amount; To carry on the follow-up measurement with the amortized cost. Unless it is designated as a hedged item, the difference between the initial amount and the amount due shall be amortized according to the effective interest rate method, and the amortization, impairment, exchange gains or losses, as well as the profits or losses arising from the termination of recognition, shall be recorded into the current profits and losses.

The Company classifies the financial assets that meet the following conditions at the same time as financial assets that are measured at fair value and whose changes are included into other

comprehensive income: the contractual terms of the financial asset provide that the cash flow generated on a given date is only the payment of the principal and the interest based on the outstanding principal amount. Such financial assets shall be initially measured according to their fair value, and relevant transaction costs shall be included in the initial recognized amount. In addition to the designated hedged item, other gains or losses of such financial assets, other than credit impairment losses or gains, exchange gains or losses and interest on such financial assets calculated according to the actual interest rate method, shall be counted into other comprehensive income; When the recognition of financial assets is terminated, the accumulated gains or losses previously recorded in other comprehensive income shall be transferred out of other comprehensive income and recorded into current profits and losses.

In addition to financial assets measured at amortized cost and financial assets measured at fair value and whose changes are included in other comprehensive income, the Company classifies financial assets measured at fair value and whose changes are included in current profits and losses. Such financial assets are initially measured in accordance with their fair value, and relevant transaction costs are directly recorded into current profits and losses. Gains or losses of such financial assets shall be recorded into current profits and losses.

Where the contingent consideration recognized by the Company in the business combination not under the same control constitutes financial assets, such financial assets are classified as financial assets measured at fair value and whose changes are recorded into current profits and losses.

2) confirmation basis and measurement method of financial asset transfer

The contractual right to receive the cash flow of the financial asset terminates; (1) the financial assets have been transferred, and the Company on the ownership of financial assets almost all the risks and rewards transferred to the transferee; (2) the financial assets have been transferred, although the Company has not transferred nor retained the ownership of financial assets almost all the risks and rewards, but gave up the control of the financial assets.

If the enterprise has neither transferred nor retained nearly all the risks and rewards of the ownership of the financial asset, nor has given up its control over the financial asset, the relevant financial asset shall be recognized according to the extent of its continued involvement in the transferred financial asset, and the relevant liabilities shall be recognized accordingly.

Where the overall transfer of financial assets meets the conditions for termination of recognition, the difference between the book value of the transferred financial assets and the sum of the consideration received for the transfer and the accumulated amount of changes in fair value originally recorded in other comprehensive income shall be recorded into current profits and losses.

The transfer of a financial asset part meet the recognition criteria of termination, will be the entire book value of the transferred financial asset, between the parts and not terminate qualification recognition has been stopped, apportion them according to their relative fair value, and will be received by transfer of value and share to terminate identified previously included in the other part

of the sum of the changes in fair value of the accumulative amount of comprehensive income, and apportion the carrying amount of the balance into the profits and losses of the current period.

3) test method and accounting treatment method of impairment of financial assets

The Company takes into account all reasonable and justified information, including forward-looking information, to estimate the expected credit losses of financial assets measured at amortized cost and financial assets measured at fair value and whose changes are included in other comprehensive income in a single or combined manner. The measurement of expected credit losses depends on whether the credit risk of financial assets increases significantly after the initial recognition. If the credit risk of the financial instrument has increased significantly since the initial confirmation, the Company shall measure the loss provision according to the amount equivalent to the expected credit loss of the financial instrument during the whole duration; If the credit risk of the financial instrument does not increase significantly since the initial confirmation, the Company shall measure the loss provision according to the amount equivalent to the expected credit loss of the financial instrument in the next 12 months. An increase or refunded amount of the loss provision thus incurred is recorded as an impairment loss or gain in the current profit or loss. In addition to the financial assets measured by fair value and whose changes are recorded into the current profits and losses, the Company shall check the carrying value of other financial assets on the balance sheet date. If there is objective evidence that a certain financial asset has an impairment, the Company shall make an impairment provision.

(2) financial liabilities

1) classification, confirmation basis and measurement method of financial liabilities

The Company's financial liabilities are classified as financial liabilities and other financial liabilities measured at fair value and whose changes are recorded into current profits and losses at the initial recognition.

Financial liabilities measured at fair value and whose changes are included in current profit and loss include trading financial liabilities and financial liabilities designated as measured at fair value and whose changes are included in current profit and loss when initially recognized. According to the subsequent measurement of fair value, the profit or loss generated by the change of fair value and the dividend and interest expenditure related to the financial liability are recorded into the current profit and loss.

Other financial liabilities shall be measured in accordance with the amortized cost using the real interest rate method.

2) conditions for the termination of recognition of financial liabilities

When the present obligation of a financial liability has been discharged in whole or in part, the recognition of the discharged part of such financial liability or obligation shall be terminated. If an agreement is signed between the Company and its creditors to replace the existing financial liabilities by assuming the new financial liabilities, and the contract terms of the new financial

liabilities are substantially different from those of the existing financial liabilities, the existing financial liabilities shall be terminated and the new financial liabilities shall be recognized at the same time. If the Company substantially modifies all or part of the contract terms of the existing financial liabilities, it shall terminate the recognition of the existing financial liabilities or part thereof and at the same time recognize the financial liabilities after the modified terms as a new financial liability. The difference between the book value of the part recognized after termination and the consideration paid shall be recorded in current profits and losses.

(3) the method to determine the fair value of financial assets and financial liabilities

The financial assets and liabilities measured by fair value of the Company have financial assets or liabilities in active market, and the fair value is determined by the quotation of active market; The fair value of financial assets or liabilities without active market is determined by valuation technique. At the time of valuation, the Company adopts valuation techniques that are applicable in the current situation and are supported by sufficient available data and other information. The input value used in the fair value measurement is divided into three levels. The input value of the first level is the unadjusted quotation of the same asset or liability that can be obtained on the measurement date in the active market. The input value of the second level is the directly or indirectly observable input value of related assets or liabilities except the input value of the first level. The input value of the third level is the unobservable input value of the related asset or liability. The level of the fair value measurement results is determined by the lowest level of the input values that are of great significance to the fair value measurement as a whole.

(4) the offset of financial assets and financial liabilities

The financial assets and financial liabilities of the Company shall be shown separately in the balance sheet and shall not be set off against each other. (1) the Company has the legal right to offset the recognized amount, and such legal right is currently enforceable; (2) the Company plans to make net settlement or realize the financial assets and pay off the financial liabilities at the same time.

11. Accounts receivable

The Group shall review the carrying amount of receivables fully at the balance sheet date. The Group shall calculate the full provision for bad debts for the following receivables: debtor has been log-out, bankruptcy, minus net asset, significant poor cash flow and significant nature disaster leads to discontinue production and the debtors could not pay for the debts within the foreseeable time. Other solid evidences indicates that the receivables could not be paid or be of a slim chance.

The allowance method is applied to the potential loss of bad debt. The Group should make the impairment test individually or group and accrue the bad debt provisions which shall be recorded into current profit or loss at the end of the period. If there is defined evidence for the receivables not to or not likely to be received, which shall be recognized as the loss of bad debt and write off the accrued bad debts provisions after going through the approval procedure of the Group.

(1) Individually significant amounts of accounts receivable accrued bad debt provision as per portfolio

Judgment basis or amount standards of individually significant amounts	Top 5 of account receivables at year end
The accruing method of the receivables with individually significant amounts	The bad debt provisions shall be accrued based on the difference between current value of future cash flow and the carrying amounts.

(2) Accounts receivable accrued bad debt provision by credit risk portfolio

The basis of portfolio	
Inter-company	Accounts receivable due from subsidiaries included in consolidated scope
Accounting aging	Other than accounts receivable due from subsidiaries included in consolidated scope and individual receivable with significant amount without impairment, use the accounting aging of the receivables
The basis of bad debt provision	
Inter-company	Individual identified method
Accounting aging	Age analysis method

The percentage of provision for bad debts based on the age of receivables as followings:

Accounting aging	Accrual percentage of the receivables (%)	Accrual percentage of other receivables (%)
Within 1 year	5	5
1-2 years	10	10
2-3 years	30	30
3-4 years	50	50
4-5 years	80	80
Over 5 years	100	100

(3) Individually insignificant amount accounts receivable but accrued bad debt provision as per portfolio

Accrual reason	The individual amount is not significant, but the accrued bad debt provision on the basis of portfolio can not reflect its risk characteristic
Accrual method	The bad debt provisions should be accrued based on the difference between current value of future cash flow and the carrying amount.

12. Inventories

Inventories are materials purchasing, raw material, variance of cost materials, low-valuable consumable, materials processed on commission, working-in-progress, semi-finished goods, variance of semi-finished goods, and finished goods, engineering construction 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.

After yearend thorough inventory check, at the balance sheet date inventory impairment should be provided or adjusted according to inventory category. For the finished goods, raw material held for sale etc which shall be sold directly, the net realizable value should be confirmed at the estimated selling price less estimated selling expenses and related tax and expenses. The raw material held for production, its realizable value should be confirmed at the estimated selling price of finished goods less estimated cost of completion, estimated selling expenses and related tax. The net realizable value of inventories held for execution of sale contracts or labor contracts shall be calculated based on the contract price. If the quantities of inventories in the Group are more than quantities if inventories subscribed in the sales contracts, the net realizable value of the excessive part of the inventories should be calculated based on the general selling price. When the impairment indicators disappear, impairment provision shall be reversed and

13. Held for sale

(1) Any non-current assets or disposal group shall be classified as held for sale if the following criteria are met: (1) according to the similar transactions for selling such assets or disposal group in practice, the assets must be available for immediate sale under current condition. (2)The sale is highly probable with decision made on a probable selling proposal and the firm purchase commitment has been obtained, the sale is expected to be completed within one year. Certain regulations request that approvals must be given by relevant authority or supervision regulator before the assets can be sold. Prior to the assets initially classified as held for sale or disposal group, the carrying amounts of the asset(or all the assets and liabilities in the disposal group) shall be measured in accordance with applicable accounting standards. The Company shall recognize an impairment loss and account it in to income statement for the current period, for any initial or subsequent write- down of the asset(or disposal group) to its fair value less costs to sell if the carrying amount is higher than its fair value less costs to sell. In the meantime, provision for assets impairment shall be made.

(2) The Company acquires a non-current asset(or disposal group) exclusively with a view to its subsequent resale, it shall be classified as held for sale at the acquisition date only if the condition of “expected sale can be completed within one year” can be met and also other conditions of classified as held for sale can highly probably be met within a short period following the acquisition(usually with three months). When measuring a newly acquired asset(or disposal group) meeting the criteria to be classified as held for sale, it shall be measured at the lower of its carrying amount had it not been so classified and fair value less costs to sell. Except the non-current assets or disposal group acquired as part of a business combination, the difference between its fair value less costs to sale and initial carrying amount is recognized in the income statement.

(3) The Company that loss of control of a subsidiary due to a sale plan of its investment shall classify its subsidiary planned for sale as a whole as held for sale in the single financial statement of the parent only if the investment in subsidiary meets the criteria of held for sale, regardless of whether the Company will retain a proportion of equity interest in its former subsidiary after sale, and classify all assets and liabilities of the subsidiary as held for sale in the consolidated financial statements

(4) The Company shall recognize a gain for any subsequent increase in fair value less costs to sell of an asset and shall reverse the impairment to the extent that previously recognized when being classified as held for sale, the revisable amount is recognized in the income statement for the period. Any impairment from the period when the assets are not classified as held for sale can not be reversed.

(5) The impairment loss recognised for a disposal group shall reduce the carrying amount of goodwill of disposal group first, and then reduce the carrying amount of the non-current assets based on its proportion on the book.

The Company shall recognize a gain for any subsequent increase in fair value less costs to sell of a disposal group and shall reverse the impairment to the extent that previously recognized when being classified as held for sale, in accordance with applicable measuring standards, the revisable amount is recognized in the income statement for the period. Any impairment from the period when the assets are not classified as held for sale and reduced goodwill can not be reversed.

For any subsequently reversed amount, after the impairment loss is recognized for held for sale disposal group, the Company shall increase the carrying amount of disposal group based on the proportion of carrying amount of non-current assets excluding goodwill.

(6) Non-current assets classified as held for sale or disposal group shall not be depreciated or amortized, interest and other expenses attributable to the liabilities of a disposal group classified as held for sale shall continue to be recognized.

(7) When held for sale assets or disposal group can not meet the criteria for held for sale classification so that they are not recognized as held for sale or non-current asset will be removed from disposal group, they shall be measured at the lower of the following amounts: (1)carrying amount of assets prior to it classified as held for sale, which is the amount after depreciation, amortization or impairment adjustment as it had not been classified as held for sale ; (2)recoverable amount.

When the Company derecognizes the held for sale assets or disposal group, the remaining unrecognized gain or loss shall be accounted in the income statement.

14. Long-term equity investment

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

Joint control is the contractual agreement sharing of control over an economic activity by all participants or participants' combination and decisions or policies relating to the operating activity of the entity require the unanimous consent of the parties sharing the control.

Significant influence exists when the entity directly or indirectly owned 20% or more but less than 50% shares with voting rights in the investee company. If holding less than 20% voting rights, the entity shall also take other facts or circumstances into accounts when judging any significant influences. Factors and circumstances include: 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.

When control exists over an investee, the investee is a subsidiary of an entity. 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 the equity of investee under common control is acquired by stages and business combination incurs in the end, an entity shall disclose the accounting method for long-term equity investment in the parent financial statement as a supplemental. For example, if the equity of investee under common control is acquired by stages and business combination incurs in the end, and it's a bundled transaction, the entity shall regard all transactions as a one for accounting. If it's not a bundled transaction, the carrying amount presented in the consolidated financial statements of the share of net assets at the combination date in the acquired company since acquisition is determined as for the initial cost of long-term equity investment. The difference between the cost initially recognized and carrying amount of long-term equity investment prior to the business combination plus the newly paid consideration for further share acquired, and capital reserve shall be adjusted accordingly. If no enough capital reserve is available for adjustment, retain earnings shall be adjusted.

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 of investee not under common control is acquired by stages and business combination incursion the end, an entity shall disclose the accounting method for long-term equity investment in the parent financial statement as a supplemental. If the equity investment of investee not under common control is acquired by stages and business combination incursion the end, and it's a bundled transaction, the entity shall regard all transactions as a one for accounting. If 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 under cost model. If equity investment is held under equity method before the acquisition date, other comprehensive income under equity method previously shall not be adjusted accordingly. When disposing of the

investment, the entity shall adopt the same basis as the investee directly disposing of related assets or liability for accounting treatment. Equity held prior to acquisition date as available for sale financial assets under fair value model, accumulated change on fair value previously recorded in other comprehensive shall be transferred into investment gain/loss for the period.

Apart from the long-term equity investments acquired through business combination mentioned above, the cost of investment for the long-term equity investments acquired by cash payment is the amount of cash paid. For long-term equity investment acquired by issuing equity instruments, the cost of investment is the fair value of the equity instrument issued. For long-term equity investment injected to the entity by the investor, the investment cost is the consideration as specified in the relevant contract or agreement.

The Group adopts cost method to account for investment in subsidiary and equity method for investment in joint venture and affiliate.

Long-term equity investment subsequently measured under cost model 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.

Long-term equity investment subsequently measured under equity method shall be adjusted for its carrying amount according to the share of equity increase or decrease in the investee. The entity shall recognize its share of the investee's net profits or losses 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 internal transactions entered into between the entity and its associates and joint ventures according to the shareholding attributable to the entity and accounted for as investment income and loss based on such basis.

On disposal of a long-term equity investment, the difference between the carrying value and the consideration actually received is recognized as investment income for the period. For long-term investments accounted for under equity method, the movements of shareholder's equity, other than the net profit or loss, of the investee company, previously recorded in the shareholder's equity of the Company are recycled to investment income for the period on disposal.

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 changed to be accounted for as available for sale financial assets, 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. Other comprehensive income recognized from previous equity investment under equity model shall be accounted for on the same basis as the investee directly disposing of related assets or liability when stopping using under equity model.

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 in the profit and loss for the period as investment gain or loss, 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 changed to be accounted for as available for sale financial assets, and difference between the carrying amount and disposal consideration shall be recognized in profit and 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 as investment gain or loss.

If the entity loses its control through partially disposal of investment by stages and it's not a bundled transaction, the entity shall account for all transactions separately. If it's a bundled transaction, the entity shall regard all transactions as one disposal of subsidiary by losing control, but the difference between disposal consideration and carrying amount of the equity investment disposed prior to losing control, which arises from each individual transaction shall be recognized as other comprehensive income until being transferred into profit and loss for the period by the time of losing control.

15. Investment property

The investment property includes property and building and measured at cost model

Category	Useful life (years)	Estimated net residual value rate	Annual depreciation rate
Housing and Buildings	40	3%	2.43%

16. Fixed assets

Recognition criteria of fixed assets: defined as the tangible assets which are held for the purpose of producing goods, rendering services, leasing or for operation & management, and have more than one year of useful life.

Fixed assets shall be recognized when the economic benefit probably flows into the Group and its cost can be measured reliably. Fixed assets include: building, machinery, transportation equipment, electronic equipment and others.

All fixed assets shall be depreciated unless the fixed assets had been fully depreciated and are still being used and land is separately measured. Straight-line depreciation method is adopted by the Group. Estimated net residual value rate, useful life, depreciation rate as follows:

No	Category	Useful life (years)	Estimated net residual value rate	Annual depreciation rate
1	Housing and Buildings	20-40	3%,5%,10%	2.25-4.85%

2	Machinery equipment	10-22	3%,5%,10%	4.09-9.7%
3	Transportation equipment	4-15	3%,5%,10%	6-24.25%
4	Electronic equipment	5	3%,5%,10%	18-19.4%
5	Others equipment	10-15	3%,5%,10%	6-9.7%

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 criteria and time spot of constructions in progress's being transferred to fixed assets: Constructions in progress are carried down to fixed assets on their actual costs when completing and achieving estimated usable status. The fixed assets that have been completed and reached estimated usable status but have not yet been through completion and settlement procedures are charged to an account according to their estimate values; adjustment will be conducted upon confirmation of their actual values. The Group should withdraw depreciation in the next month after completion.

18. Borrowing costs

The borrowing cost includes the interest expenses of the borrowing, amortization of underflow or overflow from borrowings, additional expenses and the foreign exchange profit and loss because of foreign currency borrowings. The borrowing costs incurred which can be directly attribute to the fixed assets, investments properties, inventories requesting over 1 year purchasing or manufacturing so to come into the expected condition of use or available for sale shall start to be capitalized when expenditure for the assets is being occurred, borrowing cost has occurred, necessary construction for bringing the assets into expected condition for use is in progress. The borrowing costs shall stop to be capitalized when the assets come into the expected condition of use or available for sale. The borrowing costs subsequently incurred should be recorded into profit and loss when occurred. The borrowing costs should temporarily stop being capitalized when there is an unusual stoppage of over consecutive 3 months during the purchase or produce of the capitalized assets, until the purchase or produce of the asset restart.

The borrowing costs of special borrowings, deducting the interest revenue of unused borrowings kept in the bank or the investment income from transient investment should be capitalized. The capitalized amount of common borrowings should be calculated as follows: average assets expenditure of the accumulated assets expenditure excess the special borrowing, multiplied by the capital rate. The capital rate is the weighted average rate of the common borrowings.

19. Intangible assets

The intangible assets of the Group refer to land use right and software. For acquired intangible assets, the actual cost are measured at actual price paid and relevant other expenses. The cost invested into intangible assets by investors shall be determined according to the stated value in the

investment contract or agreement, except for those of unfair value in the contract or agreement.

Land use right shall be amortized evenly within the amortization period since the remised date. ERP system software 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.

20. Impairment of long-term assets

The Group assesses at each balance sheet date whether there is any indication that long-term equity investments, investment property, fixed assets, construction in progress 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 arising in a business combination and intangible asset with infinite useful life are tested for impairment annually no matter there is any indication of impairment or not.

Estimate of recoverable amount is 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.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount shall be impaired and the difference is recognised as an impairment loss and charged to profit or loss for the period. Once an impairment loss on the assets is recognised, it is not reversed in a subsequent period.

After assets impairment loss is recognized, depreciation and amortisation of the impaired asset shall be adjusted in the following period so that the adjusted carrying amount (less expected residual value) can be depreciated and amortised systematically within the remaining life.

When assessing goodwill for impairment, the carrying amount of goodwill shall be allocated evenly to the assets group or assets portfolio. When testing the assets group or assets portfolio including goodwill, if there is any indication of impairment, ignoring the goodwill and testing the assets group or assets portfolio alone so to work out the recoverable amount and comparing to its carrying amount and recognize the impairment loss. After that, testing the assets group or assets portfolio with goodwill together, comparing the carrying amount of the assets group or assets portfolio (including goodwill allocation) with recoverable amount, goodwill impairment shall be recognized when the recoverable amount is lower than its carrying amount.

21. Long-term deferred expenses

Long-term deferred expenses of the Group refer to leasing expenses, redecoration expense and others. The expenses should be amortized evenly over the beneficial period. If the deferred expense cannot take benefit for the future accounting period, the unamortized balance of the deferred expenses should be transferred into the current profit or loss. Leasing expenses will be

amortized within 10 years and 30years; redecoration expense and others will be amortized within 3 years.

22. 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, labour union expense, staff training expense, during the period in which the service rendered by the employees, the actually incurred short term employee benefits shall be recognized as liability and shall be recognized in P&L or related cost of assets based on benefit objective allocated from the service rendered by employees.

Post-employment benefits include the basic pension scheme and unemployment insurance etc. Based on the risk and obligation borne by the Group, 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 Group 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's benefit payable as a result of either an entity'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. An entity shall recognize the termination benefits as a liability and an expense at the earlier date when the entity cannot unilateral withdraw the termination benefits due to employment termination plan or due to redundancy suggestion, or when the entity can recognize the restructuring 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.

If other long-term employee's benefit is qualified as defined contribution plan, contribution made shall be recognized as liabilities accordingly for the period in which the service are rendered by the employee and recognized in the profit or loss for the current period or relevant cost of assets. Except other long-term employee's benefit mentioned above, obligation arising from defined benefit plan shall be recognized in the profit or loss for the current period or relevant cost of assets in accordance with the period when the service are rendered by the employee.

23. Contingent liabilities

When the Company has transactions such as commitment to externals, discounting the trade acceptance, 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, and to consider the risk, uncertainty, time value of monetary relevant to contingent items. If the time value of monetary is significant, the best estimate will be determined by discounted cash outflow in the future. At each balance sheet date, the book value of provision is reviewed and adjustment will be made on the book value if there is any change, in order to reflect the current best estimate.

When compensation from the 3rd party is expected for full or partial contingent liability settlement, the compensation shall be recognized as an asset separately and measured at no more than the book value of contingent liability.

24. Share based payment

An equity-settled share-based payment in exchange for the employee's services is measured at the fair value at the date when the equity instruments are granted to the employee. Such fair value during the vesting period of service or before the prescribed exercisable conditions are achieved is recognised as relevant cost or expense on a straight-line during the vesting period based on the best estimated quantity of exercisable equity instruments, accordingly increase capital reserve.

A cash-settled share-based payment is measured at the fair value at the date at which the Group incurred liabilities that are determined based on the price of the shares or other equity instruments. If it is immediately vested, the fair value of the liabilities at the date of grant is recognised as relevant cost or expense, and corresponding liabilities. If it is exercisable only when the vesting period of service is expired or the prescribed conditions are achieve, the fair value of liabilities undertaken by the Group are re-measured at each balance sheet date based on the best estimate of exercisable situation.

The fair value of the liabilities is re-measured at each balance sheet date. Any changes are recognised in the profit or loss for the year.

If the granted equity instruments are cancelled within the vesting period, the equity instrument shall be treated as accelerated vesting and the balance linked to the remaining vesting period shall be recognized in the profit or loss account, accordingly be recognized in the capital reserve. If employees or other parties can choose but fail to satisfy non-vesting conditions during the vesting period, the Company sees this as cancellation of granted equity instruments.

25. Principle of recognition of revenue

The revenue of the Group is mainly from selling goods, providing labor services and alienating the right of use assets and construction contracts. Recognition standards for revenue are as below:

The revenue from selling goods: Company has transferred all the significant risks and rewards of the ownership of the goods to the buyers, and retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold. The relative sale proceeds have been reliably measured, respective economic benefit probably inflow to the Company, and the incurred or incurring cost can be reliably measured, and then the revenue can be recognized.

In the reporting period, revenue recognition point and principle: goods is dispatched from warehouse, client has no dispute on the quantity and quality of the goods, client collected or authorized the agent to collect the good and sales amount is confirmed, have collected or expected to collect the payment, cost of goods can be reliably measured, risk and reward is transferred so the revenue is recognized.

Complete sets of engineering projects, if selling products and building installation part can be separated and can be measured separately, selling products will be treated as sales of products. Selling products and building installation will not be able to be distinguished, or can be distinguished but can't be separately measured, selling products and building installation will be all treated as building installation.

The service revenue should be recognized when the outcome of the services can be estimated reliably.

The outcome of the services can be estimated reliably means the following conditions must be satisfied at the same time:

Amount can be measured reliably

Relevant economic benefit probably flow into the Company

The stage of completion of the service can be estimated reliably

Cost incurred or expect to incur in the transaction can be measured reliably

Total service income shall be recognized according to the price agreed in the contract or agreement which has been settled or to be settled unless the price is not fair. Service revenue for the current period shall be recognized based on the figure worked out on the total income multiply by the percentage of completion of the service after deducting the service revenue recognized in the prior period at the balance sheet and accordingly recognized the cost based on the figure worked out on the total cost multiply by the percentage of completion of the service after deducting the service cost recognized in the prior period.

At the balance sheet date, if outcome of the service cannot be estimated reliably, the treatment shall apply respectively

Costs incurred may be probably recovered, revenue is recognized only to the extent of costs incurred that are expected to be recoverable, and costs shall be recognized as an expense in the period in which they are incurred

Costs incurred are not probable of being recovered, then these cost incurred are recognized as an expense immediately, no revenue shall be recognized.

In the case that selling goods and rendering service are both included in the agreements or contracts, when selling products and rendering service part can be separated and can be measured separately, selling products will be treated as sales of products. Selling products and rendering service will not be able to be distinguished, or can be distinguished but can't be separately

measured; selling products and rendering service will be all treated as rendering service.

Revenue from construction contract

When the result of the construction contract is able to be evaluated reliably at the balance sheet date, the income and cost of the contract are recognized on completion percentage basis.

The result of the fixed price of construction contract can be estimated reliably means the following conditions must be satisfied at the same time:

Amount can be measured reliably

Relevant economic benefit probably flow into the Company

Cost actually incurred can be well distinguished and measured reliably

The stage of completion and the cost expected to incur for the completion of the contract can be estimated reliably

The result of the cost plus of construction contract can be estimated reliably means the following conditions must be satisfied at the same time:

Relevant economic benefit probably flow into the Company

Cost actually incurred can be well distinguished and measured reliably

Construction contract income for the current period shall be recognized based on the figure worked out on the total contracted income multiply by the percentage of completion of the construction after deducting the revenue recognized in the prior period at the balance sheet date and accordingly recognized the cost based on the figure worked out on the total expected cost multiply by the percentage of completion of the construction after deducting the construction cost recognized in the prior period. Construction contract income is recognized to the extend where the change of the contract, claim for compensation and bonus can bring the income and can be measured reliably.

If the result of the construction contract is not able to be evaluated reliably, the treatment shall apply respectively

If contract cost maybe recovered, the income is recognized at the cost actually recovered, and the cost of the contract is recognized as contract expenses of the current period when it is occurred.

If contract cost may not be recovered, the cost of the contract shall be recognized as contract expenses when incurred, and no contract revenue shall be recognized.

In case the expected total cost is greater than the total income, the expected loss will be recognized as expense of the current period immediately.

.26 Government grants

A government grant shall be recognized when the Company complies with the conditions attaching to the grant and when the Company is able to receive the grant.

Assets-related government grant is the government fund obtained by the Company 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 Company shall judge it according to the principle mentioned above.

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 grants are recognized as deferred income ore directly offsetting the book value of the asset, and Assets-related government grants recognized as deferred income shall be evenly amortized to profit or loss over the useful life of the related asset.

Any assets are sold, transferred, disposed off 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 off.

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 expense are incurred. Government grants relating to compensation for related expenses or losses already incurred are charged directly to the profit or loss for the period. Government grants related to daily business, shall be recognized as other income in accordance with business nature, otherwise, shall be recognized as non-operating expenses.

If any government grant already recognized needs to be returned to the government, the accounting shall be differed according to the following circumstances:

- 1) originally recognized as offsetting of related assets' book value, assets book value shall be adjusted
- 2) if any deferred income, book value of deferred income shall be offset, excessive portion shall be accounted into income statement
- 3) Other situation, it shall be accounted into income statement directly.

27. 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. Deferred tax assets shall be respectively recognized for deductible tax losses that can be carried forward in accordance with tax law requirements for deduction of taxable income in subsequent years. No deferred tax liabilities shall be recognized for any temporary difference arising from goodwill initially recognition. No deferred tax assets or

liabilities shall be recognized for any difference arising from assets or liabilities initial recognition on non-business combination with no effect on either accounting profit or taxable profit (or deductible tax loss). At the balance sheet date, deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or liability is settled.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available to offset the deductible temporary difference, deductible loss and tax reduction.

28. Lease

The Company's leasing business is operating lease.

As a lessee, the lease premium shall be recognized in the cost of asset based on straight line method within the the period or directly to income statement.

29. Other significant accounting policies, accounting Estimates

When preparing the financial statements, the management needs to use accounting estimate and assumption, which will have effect on the application of accounting policy and amount of asset, liability, income and expense. The actual circumstance maybe differs from the estimates. The management needs to continuously assess the key assumption involved by estimate and the judgment on uncertainty. Effect on the accounting estimate shall be recognized during the period when estimate is changed and in future.

The following accounting estimate and key assumption will trigger the significant risk of significant adjustment on the book value of asset and liability during the period of future.

(1) Impairment of receivable

Receivable is measured at amortized cost at the balance sheet date and assessed for any impairment indicator and the acutely amount of impairment. Objective evidence for impairment includes judgmental data of indicating significant decline of future cash flow of individual or group of receivable, indicating significant negative financial performance of debtors. Had receivable is recovered with certain proof, and in fact, it is relevant to the the matters subsequent to the the loss recognition, the impairment recognized before shall be reversed.

(2) Provision of inventory impairment

Inventory is periodically evaluated at the net realizable value and any cost higher than NRV shall be recognized as inventory impairment loss. When evaluating the NRV, net realizable value is determined by deducting the expected selling expense and relative tax from the estimated selling price. When actual selling price or cost differs from the previous estimates, management will make adjustment on NRV. Therefore, the results based on the present experience may differ from the actual results, which caused the adjustment on the carrying amount of inventory in the book. Provision for inventory impairment may vary with the above reasons. Any adjustment on provision for inventory impairment will affect the income statement.

(3) Provision of goodwill impairment

Each year, goodwill shall be assessed for any impairment. Recoverable amount of assets group or asset portfolio including goodwill shall be the present value of future cash flow, which needs estimates for calculation.

If management adjust the gross profit margin adopted by the present value of future cash flow calculation of assets group or asset portfolio, adjusted gross profit margin is lower than the margin applied, the impairment is required.

If management adjust the discounting rate before tax applied by the present value of future cash flow calculation of assets group or asset portfolio, adjusted discounting rate before tax is higher than the rate applied, the impairment is required.

If actual profit margin or discounting rate before tax is higher or lower than management's estimate, any impairment recognized before can not be reversed.

(4) Provision of fixed asset impairment

At the balance sheet date, the management shall implement impairment test on buildings, plant and machinery etc which has any impairment indicator. The recoverable amount of FA is the higher of PV of future cash flow and net value of fair value after disposal cost, the calculation needs accounting estimate.

If management adjust the gross profit margin adopted by the present value of future cash flow calculation of assets group or asset portfolio, adjusted gross profit margin is lower than the margin applied, the impairment is required.

If management adjust the discounting rate before tax applied by the present value of future cash flow calculation of assets group or asset portfolio, adjusted discounting rate before tax is higher than the rate applied, the impairment is required.

If actual profit margin or discounting rate before tax is higher or lower than management's estimate, any impairment recognized before can not be reversed.

(5) Recognition of deferred tax assets

Estimate on deferred tax assets needs making estimation of taxable income and applied tax rate in the following years in future. Whether deferred tax asset can be realized depends on the enough probable taxable profit obtained in future. Tax rate change in future and the timing of temporary difference reverse may also affect the income tax expense(income)and the balance of deferred tax. Any change of estimate described here will cause the deferred tax adjustment.

(6) Useful life span of fixed assets and intangible assets

At least every year end, the management shall review the useful life of FA and intangible assets. Expected useful life is based on the management's experience on the same class of assets, with reference to the estimate applied in the industry in conjunction with expected technology development. When previous estimate significantly changed, depreciation and amortization in the

future shall be adjusted accordingly.

30. Changes in Accounting Policies, Accounting Estimates

(1) Change in significant accounting policies

1) March 2017, the Ministry of Finance, respectively, revised and issued the accounting standards for enterprises No. 22 - recognition and measurement of financial instruments, the accounting standards for enterprises No. 23 - transfer of financial assets, the accounting standards for enterprises No. 24 - hedging accounting, the accounting standards for enterprises No. 37 - presentation of financial instruments such as the four related financial instruments accounting standards (hereinafter generally referred to as the "rule of financial instruments), in domestic and at the same time, listed companies and listed overseas and adopted international financial reporting standards accounting standards to prepare its financial report or enterprises, effective as of January 1, 2018; Other domestic listed enterprises shall take effect from January 1, 2019. In accordance with the above requirements, the Company will implement the above four accounting standards from January 1, 2019.

2) On April 30, 2019, the Ministry of Finance issued the notice on revising and issuing the 2019 annual general enterprise financial statement format (financial accounting [2019] No. 6), which revised the general enterprise financial statement format.

The Company has prepared financial statements according to the requirements of the new financial statement format. If the items of presentation of financial statements are changed, the Company has adjusted the comparison data during the comparable period according to the relevant provisions of the accounting standards for enterprises No. 30 - presentation of financial statements.

(2) Changes in accounting estimate

None

(3) New Financial Instruments Standards, New Income Standards and New Leasing Standards for the First Implementation Relevant to Financial Statements at the Beginning of the Year

Before adjustment		After adjustment	
Consolidated Balance Sheet	31-Dec-2018	Consolidated Balance Sheet	1-Jan-2019
Finance asset held available for sales	382,186,729.99	Other non-current financial assets	382,186,729.99
Other comprehensive income	296,909,965.55	Other comprehensive income	2,501,459.77
Retained profit	764,859,288.45	Retained profit	1,059,267,794.23
Balance sheet of parent company	31-Dec-2018	Balance sheet of parent company	1-Jan-2019
Finance asset held available for sales	380,771,587.49	Other non-current financial assets	380,771,587.49
Other comprehensive income	295,947,864.88	Other comprehensive income	1,539,359.10
Retained profit	640,251,261.47	Retained profit	934,659,767.25

According to the new financial instrument criteria, the original item of " Finance asset held available for sales " is adjusted to "other non-current financial assets"; Adjust the amount of other comprehensive income 294,408,505.78 yuan, and adjust the amount of retained profit

294,408,505.78 yuan.

VI. Taxation

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

Tax	Tax base	Tax rate
Value-added tax (VAT)	Sales revenue or Purchase	17%,13%,11%,6%,5%,16%
City construction tax	Value-added tax payables, business tax	7%
Education surcharge	Value-added tax payables, business tax	3%
Local education surcharge	Value-added tax payables, business tax	2%
Enterprise income tax(EIT)	Current period taxable profit	15%,25%
Real estate tax	70% of cost of own property or revenue from leasing property	1.2% or 12%
Land use tax	Land using right area	Fixed amount per square meter
Other tax		According to the relevant provisions of the state and local

Notes for tax entities with different EIT rate

Tax entities	EIT rate
Dalian Refrigeration Company	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%
Bingshan Technology Service (Dalian) Co.,Ltd.	15%
Dalian Bingshan Engineering&Trading Co.,Ltd	25%
Dalian Universe Thermal Technology Co., Ltd.	15%
Dalian New Meica Electronics Technology Co., Ltd	15%

2. Tax preference

The Company obtained the qualification of high and new technology enterprises on 29th November, 2017 approved by Dalian Science Technology Bureau, Dalian Finance Bureau, Dalian State Tax Bureau and Local tax Bureau. The Certificate No is GR201721200306, and the validity duration is three years. According to the tax law, the Company can be granted for the preferential tax policy of enterprise income tax rate of 15% in three years.

The Company's subsidiary, Dalian Bingshan Air-conditioning Equipment Co., Ltd. obtained the qualification of high and new technology enterprises on 29th November, 2017 approved by Dalian Science Technology Bureau, Dalian Finance Bureau, Dalian State Tax Bureau and Local tax Bureau. The Certificate No is GR201721200279, and the validity duration is three years. According to the tax law, it can be granted for the preferential tax policy of enterprise income tax rate of 15% in three years.

The Company's subsidiary, Dalian Bingshan Guardian Automation Co., Ltd. obtained the qualification of high and new technology enterprises on 16th November, 2018 approved by Dalian Science Technology Bureau, Dalian Finance Bureau, Dalian State Tax Bureau and Local tax Bureau. The Certificate No is GR20181200562, and the validity duration is three years. According to the tax law, it can be granted for the preferential tax policy of enterprise income tax rate of 15% in three years.

The Company's subsidiary, Wuhan New World Refrigeration Industrial Co., Ltd obtained the qualification of high and new technology enterprises on 15th November, 2018 approved by Hubei Science Technology Bureau, Hubei Finance Bureau, Hubei State Tax Bureau and Hubei Local tax Bureau. The Certificate No is GR201842000605, and the validity duration is three years. According to the tax law, it can be granted for the preferential tax policy of enterprise income tax rate of 15% in three years.

The Company's subsidiary, Bingshan Technology Service (Dalian) Co.,Ltd.. obtained the qualification of high and new technology enterprises on 29th November, 2017 approved by Dalian Science Technology Bureau, Dalian Finance Bureau, Dalian State Tax Bureau and Local tax Bureau. The Certificate No is GR2201721200155, and the validity duration is three years. According to the tax law, it can be granted for the preferential tax policy of enterprise income tax rate of 15% in three years.

The Company's subsidiary, Dalian Universe Thermal Technology Co., Ltd.. obtained the qualification of high and new technology enterprises on 29th November, 2017 approved by Dalian Science Technology Bureau, Dalian Finance Bureau, Dalian State Tax Bureau and Local tax Bureau. The Certificate No is GR2201721200108, and the validity duration is three years. According to the tax law, it can be granted for the preferential tax policy of enterprise income tax rate of 15% in three years.

The Company's subsidiary, Dalian New Meica Electrical Technology Co., Ltd obtained the qualification of high and new technology enterprises on 29th November, 2017 approved by Dalian Science Technology Bureau, Dalian Finance Bureau, Dalian State Tax Bureau and Local tax Bureau. The Certificate No is GR2201721200301, and the validity duration is three years. According to the tax law, it can be granted for the preferential tax policy of enterprise income tax rate of 15% in three years.

VII. Notes to Consolidated Financial Statements

The following disclosure date on this financial statement without special indication, “opening” refers to January 1, 2019; “closing” refers to June 30, 2019; “current period” refers to the period from January 1, 2019 to June 30, 2019; and “last period” refers to the period from January 1, 2018 to June 30, 2018; with the currency unit RMB.

1. Cash and cash in bank

Item	Closing Balance	Opening Balance
Cash on hand	78,153.94	74,387.33
Cash in bank	214,340,030.30	304,629,047.14
Other cash and cash equivalents	17,348,438.30	38,323,050.64
Total	231,766,622.54	343,026,485.11

Note: Other cash and cash equivalents is restricted, including deposit for bank acceptance notes of 7,711,128.35 Yuan, guarantee deposit of 8,637,309.95Yuan, migrant deposit of 1,000,000.00Yuan, total of 17,348,438.30 Yuan. The closing balance of cash and cash in bank decreased 32.43% comparing with the opening balance, mainly due to the influence of net cash flows arising from operating activities.

2. Notes receivable

(1) Category of notes receivable

Items	Closing Balance	Opening Balance
Bank acceptance notes	73,910,827.42	50,386,649.84
Commercial acceptance notes	80,838,320.55	120,905,394.72
Total	154,749,147.97	171,292,044.56

(2) Pledged notes receivable up to June 30, 2019.

Items	Closing pledged amount
Bank acceptance notes	29,013,709.30
Commercial acceptance notes	
Total	29,013,709.30

(3) Notes receivable endorsed or discounted but not mature at the end of the reporting period.

Item	Closing amount no more recognized	Closing amount still recognized
Bank acceptance notes	200,253,748.07	
Commercial acceptance notes		
Total	200,253,748.07	

3. Accounts receivable

(1) Category of accounts receivable

Items	Closing Balance				
	Booking balance		Provision		Booking balance
	Amount	%	Amount	%	
Accounts receivable with significant individual amount and separate bad debt provision					
Accounts receivable with bad debt provision based on the characters of credit risk portfolio	1,444,801,399.21	100.00%	202,698,964.70	14.03%	1,242,102,434.51
Accounts receivable with insignificant individual amount and separate bad debt provision					
Total	1,444,801,399.21	100.00%	202,698,964.70	14.03%	1,242,102,434.51

(Continued)

Items	Opening balance				
	Booking balance		Provision		Booking balance
	Amount	%	Amount	%	
Accounts receivable with significant individual amount and separate bad debt provision					
Accounts receivable with bad debt provision based on the characters of credit risk portfolio	1,301,174,006.57	100.00%	193,627,418.27	14.88%	1,107,546,588.30
Accounts					

receivable with insignificant individual amount and separate bad debt provision					
Total	1,301,174,006.57	100.00%	193,627,418.27	14.88%	1,107,546,588.30

Items	Closing Balance		
	Booking balance	Provision	%
Expected credit losses within 1 year	775,309,916.81	38,765,495.84	5.00%
Expect credit losses of 1-2 years	460,205,744.74	46,020,574.48	10.00%
Expect credit losses of 2-3 years	87,846,886.11	26,354,065.84	30.00%
Expect credit losses of 3-4 years	50,008,726.43	25,004,363.22	50.00%
Expect credit losses of 4-5 years	24,378,299.00	19,502,639.20	80.00%
Expect credit losses more than 5 years	47,051,826.12	47,051,826.12	100.00%
Total	1,444,801,399.21	202,698,964.70	--

1) Accounts receivable with the bad debt provisions under accounting aging analysis method

Aging	Closing Balance
Within 1 year	775,309,916.81
1 to 2 years	460,205,744.74
2 to 3 years	87,846,886.11
More than 3 years	121,438,851.55
3 to 4 years	50,008,726.43
4 to 5 years	24,378,299.00
More than 5 years	47,051,826.12
Total	1,444,801,399.21

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

The bad debt provision has been accrued at the amount of 14,624,073.10 Yuan during the report period. Bad debt reversal or withdrawn incurred at the amount of 265,626.99 Yuan in the report period.

3) Accounts receivable written off in current period

Item	Written off amount
Receivable actually written off	5,818,153.66

(2) The top five significant accounts receivable categorized by debtors

Company	Closing Balance	Aging	% of the total AR	Closing Balance of Provision
Xinyi Yuanda construction and Installation Engineering Co., Ltd.	32,748,744.00	1-2 years;2-3 years	2.27	5,750,623.20
Ningxia Wangwa Coal	29,847,967.00	Within 1 year	2.07	1,492,398.35
Shenzhen Zhaofude Tourism development	24,749,430.13	Within 1 year	1.71	1,237,471.51
Xiangyang Tongjitang Logistic	24,300,000.00	Within 1 year	1.68	1,215,000.00
Dalian Thermal Power Co., Ltd	22,320,000.00	Within 1 year	1.54	1,116,000.00
Total	133,966,141.13		9.27	10,811,493.06

4. Advances to suppliers

(1) Aging of advances to suppliers

Items	Closing Balance		Opening Balance	
	Amount	Percentage	Amount	Percentage
Within 1 year	121,778,186.62	71.70%	107,871,448.52	68.10%
1 to 2 years	26,886,437.49	15.83%	33,233,538.29	20.98%
2 to 3 years	18,508,823.51	10.90%	16,117,708.59	10.17%
Over 3 years	2,663,837.51	1.57%	1,182,605.10	0.75%
Total	169,837,285.13		158,405,300.50	

Significant prepayment over 1 year

Company	Closing Balance	Aging	Unsettled Reasons
Dalian HOLLEY Coating Equipment Co., Ltd.	12,000,000	2-3 years	Contract is not fully implemented
Dalian Ganghe Trading Co.,Ltd	8,444,300.00	1-2 years	Contract is not fully implemented
Mitsubishi Heavy Industries Air Conditioning Systems (Shanghai) co. LTD	5,220,700.00	1-2 years	Contract is not fully implemented
Shanghai POMA Automation Equipment Co.,Ltd	4,272,900.00	2-3 years	Contract is not fully implemented
Nanjing Bingshan Electromechanical equipment Co., Ltd.	1,688,545.20	1-2 years	Contract is not fully implemented
Total	31,626,445.20	—	—

(2) The top five significant advances to suppliers categorized by debtors

Company	Closing Balance	Aging	% of the total advances to suppliers
Dalian HOLLEY Coating Equipment Co., Ltd.	12,000,000.00	2-3 years	7.07
Dalian Ganghe Trading Co., Ltd.	8,444,300.00	1-2 years	4.97
Nanjing Bingshan Electromechanical equipment Co., Ltd.	6,264,103.80	Within 1 year; 1-2 years	3.69
DalianHeng Tong refrigeration Equipment EGINEERING Co. LTD	5,550,000.00	Within 1 year	3.27
Mitsubishi Heavy Industries Air-conditioners(Shanghai) Co.,Ltd	5,220,700.00	1-2 years	3.07
Total	37,479,103.80		22.07

5. Other receivables

Items	Closing Balance	Opening Balance
Interest receivable		318,886.12
Dividend receivable	56,591,452.20	33,450.00
Other receivable	35,678,093.58	48,156,419.03
Total	92,269,545.78	48,508,755.15

(1) Interest receivable

Items	Closing Balance	Opening Balance
Interest on Term deposits		318,886.12
Bank financial product		
Total		318,886.12

The closing balance of interest receivable decreased 100% comparing with the opening balance, mainly because of the Company received the interest accrued at the beginning of a term deposit.

(2). Dividends receivable

Company	Closing Balance	Opening Balance
Wuhan Steel and Electricity Co., Ltd.		33,450.00
Panasonic Appliances Air-conditioning and Refrigerating (Dalian) Co., Ltd	4,000,000.00	
Panasonic Appliances Compressor (Dalian) Co. , Ltd.	45,350,000.00	
Jiangsu JingXue Insulation Technology Co.,Ltd	2,921,200.00	
Guotai Junan Securities Co., Ltd.	4,320,252.20	
Total	56,591,452.20	33,450.00

The closing balance of dividends receivable increased 169,082.22% comparing with the opening balance, mainly because of increased unexpired dividends receivable.

(3). Other receivables

1) Other receivables categorized by nature

Nature	Closing Balance	Opening Balance
Guarantee deposits	25,896,196.37	30,393,406.84
Petty cash	12,967,030.15	9,674,473.91
Receivables and Payables	5,779,181.14	13,564,390.30
Others	891,374.64	2,140,775.38
Total	45,533,782.30	55,773,046.43

2) Provision for bad debts

Provision for bad debts	The first phase	The second phase	The third phase	Total
	Expected credit losses in the next 12 months	Expected Credit Loss for the duration (No Credit Devaluation)	Expected Credit Loss for the duration (Credit impairment has occurred)	
Balance on January 1, 2019	7,616,627.40			7,616,627.40
The balance of January 1, 2019 in the current period	—	—	—	—
Provision for bad debts	2,239,061.32			2,239,061.32
Balance on June 30, 2019	9,855,688.72			9,855,688.72

Other receivables accrued the bad debt provisions under accounting aging analysis method

Aging	Closing Balance
Within 1 year	15,734,330.16
1-2 years	14,145,493.27
2-3 years	8,194,626.44
3-4 years	4,294,128.71
4-5 years	581,165.60
Over 5 years	2,584,038.12
Total	45,533,782.30

3) In the current period, RMB 2,239,061.32 Yuan were accrued provision for bad debts

4) Other receivables from the top 5 debtors

Name	Category	Closing Balance	Aging	% of the total OR	Closing Balance of Provision
Dalian Delta HK& China Gas Co.,Ltd	Deposit	2,730,000.00	3-4 years, over 5 years	6.00	1,515,000.00
Huangmei Kanghong Ecological Agriculture Development Co., Ltd.	Deposit	2,279,000.00	Within 1 year	5.01	113,950.00
Chengdu Silver low Cold Chain Logistics Co.,Ltd	Deposit	2,000,000.00	1-2 years	4.39	200,000.00
Dongying Huatai Fine Chemical Co., Ltd.	Deposit	1,150,000.00	1-2 years	2.53	115,000.00
Jiangsu Fuqiang New Materials Co., Ltd.	Deposit	1,100,000.00	1-2 years	2.42	110,000.00
Total		9,259,000.00		20.33	2,053,950.00

6. Inventories

(1) Categories of inventories

Item	Closing Balance		
	Book value	Provision for decline	Net book value
Raw materials	109,783,390.30	1,095,201.13	108,688,189.17
Working in progress	76,248,742.02		76,248,742.02
Finished goods	214,331,919.10	88,460.00	214,243,459.10
Low-value consumable	122,818.97		122,818.97
Self-manufactured semi-finished products	33,174,590.07		33,174,590.07
Constructing projects	71,991,159.97		71,991,159.97
Materials on consignment for further processing	2,349,661.64		2,349,661.64
Total	508,002,282.07	1,183,661.13	506,818,620.94

(Continue)

Item	Opening Balance		
	Book value	Provision for decline	Net book value
Raw materials	93,238,803.85	1,095,201.13	92,143,602.72
Working in progress	87,240,651.75		87,240,651.75
Finished goods	188,490,721.70	88,460.00	188,402,261.70
Low-value consumable	143,386.78		143,386.78
Self-manufactured semi-finished products	24,660,370.80		24,660,370.80
Constructing projects	52,606,275.99		52,606,275.99
Materials on consignment for further processing	4,998,750.79		4,998,750.79
Total	451,378,961.66	1,183,661.13	450,195,300.53

(2) Provision for decline in the value of inventories

Item	Opening Balance	Increase		Decrease		Closing Balance
		Accrual	Other	Reverse/ Written-off	Others transferred	
Raw materials	1,095,201.13					1,095,201.13
Finished goods	88,460.00					88,460.00
Total	1,183,661.13					1,183,661.13

(3) Accrual for provision for decline in the value of inventories

Item	Basis for net realizable value recognition	Reasons for reverse/write-off
Raw materials	Lower of cost and NRV	
Finished goods	Lower of cost and NRV	

7. Other current assets

Item	Closing Balance	Opening Balance
Prepaid income tax presented at net amount after offsetting	665,685.54	664,806.52
VAT to be deducted	9,299,109.96	16,769,344.48
Prepaid turnover tax		3,020.15
Prepaid expenses	954,621.59	829,417.97
Total	10,919,417.09	18,266,589.12

The closing balance of the other current assets decreased 40.22% comparing with the opening balance, mainly because the VAT to be deducted decreased.

8. Long-term equity investments

Investee	Beginning balance	Increase/Decrease								Ending balance	Provision for impairment
		Increased	Decreased	Gains and losses recognized under the equity method	Adjustment of other comprehensive income	Change of other equity	Cash bonus or profits announced to issue	Provision for impairment of the current period	Others		
Associates											
Panasonic Appliances Air-conditioning and Refrigeration (Dalian) Co., Ltd.	175,290,858.38			288,044.47			8,000,000.00			167,578,902.85	
Dalian Honjo Chemical Co., Ltd.	8,832,597.83			381,197.74			647,634.60			8,566,160.97	
Panasonic Appliances Cold-Chain (Dalian) Co., Ltd.	232,222,620.76			28,183,517.55			4,400,000.00			256,006,138.31	
Keihin-Grand Ocean Thermal Technology (Dalian) Co., Ltd.	61,750,687.77			2,485,379.54						64,236,067.31	
Panasonic Appliances Compressor (Dalian) Co., Ltd.	483,899,674.59			15,117,996.66			45,350,000.00			453,667,671.25	
MHI Bingshan Refrigeration (Dalian) Co., Ltd.	13,783,339.36			-519,054.84						13,264,284.52	
Beijing Huashang Bingshan Refrigeration and Air-conditioning Machinery Co., Ltd.	1,268,139.59			-16,693.65						1,251,445.94	
Dalian Fuji Bingshan Vending Machine Co., Ltd.	188,257,460.75			989,770.27						189,247,231.02	
Jiangsu JingXue Insulation Technology Co., Ltd.	174,966,773.04			9,607,307.14			2,921,200.00			181,652,880.18	
Dalian Fuji Bingshan Vending Machine Sales Co., Ltd.	13,774,267.89			-352,953.45						13,421,314.44	
Wuhan Sikafu Power Control Equipment Co., Ltd.	5,236,380.63			-669,354.03						4,567,026.60	
Panasonic Appliances Refrigerating System (Dalian) Co., Ltd.	30,721,588.82			2,397,347.27			2,284,000.00			30,834,936.09	
Dalian Bingshan Metal Technology Co., Ltd.	172,593,561.16			15,097,772.32						187,691,333.48	

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		
Dalian Bingshan Group Management and Consulting Co.,ltd	57,095,620.40			-750,798.86						56,344,821.54	
Total	1,619,693,570.97			72,239,478.13			63,602,834.60			1,628,330,214.50	

. Other non-current financial assets

Item	Closing Balance	Opening Balance
Measured as fair value method	288,278,646.80	369,195,071.40
Measured as cost method	12,991,658.59	12,991,658.59
Total	301,270,305.39	382,186,729.99

Guotai Junan Securities Co., Ltd. was listed on Shanghai Stock Exchange on 26th June 2015, and until 30 June, 2019, the Company held 15,710,008.00 shares of Guotai Junan Securities Co., Ltd which was measured at fair value at the year end.

10. Investment property

(1) Investment property measured as cost method

Item	Property & Building	Land-use-rights	Total
I. Initial Cost			
1. Opening Balance	194,871,100.11	24,391,511.82	219,262,611.93
2. Increase			
(1) Outsourcing			
(2) Transferred from Construction in progress			
3. Decrease			
(1) Disposal			
(2) Transferred to other			
4. Closing Balance	194,871,100.11	24,391,511.82	219,262,611.93
II. Accumulated Depreciation			
1. Opening Balance	108,557,977.40	10,366,392.54	118,924,369.94
2. Increase	2,247,435.42	243,915.12	2,491,350.54
(1) Provision or amortization	2,247,435.42	243,915.12	2,491,350.54
(2) Transferred from Construction in progress			
3. Decrease			
(1) Disposal			
(2) Transferred to other			
4. Closing Balance	110,805,412.82	10,610,307.66	121,415,720.48
III. Impairment Reserve			
1. Opening Balance			
2. Increase			
(1) Provision or amortization			
3. Decrease			
(1) Disposal			
(2) Transferred to other			
4. Closing Balance			
IV. Book Value			
1. Closing book value	84,065,687.29	13,781,204.16	97,846,891.45

Note: The Company signed rental contract with MHI Bingshan Refrigeration (Dalian) Co., Ltd., and rent # 6 workshop building located on No. 106 Liaohe East Rd, Dalian Economic and Technology Development Zone to MHI Bingshan Refrigeration (Dalian) Co., Ltd. The rental area is 15,259.04 square meters, and the rental term till 16th July, 2029. The annual rent fee for 2018 is RMB 4.2 million Yuan. In 2019, a revised agreement was signed to collect rent of 4 million yuan per year. In 2019, the rent was deducted by 875,000 yuan at one time because some projects were not used.

The Company signed rental contract with Dalian Bingshan Wisdom Park Co., Ltd., and rent out the whole land and house of the Company's old plant locating at No. 888, Southwest Road, Shahekou District, Dalian to Dalian Bingshan Wisdom Park Co., Ltd., with rental land area of 167,165.61 square meters and housing area of 105,652.43 square meters. The lease term is from April 1, 2017 to December 31, 2036. The annual rent fee for 2019 is RMB 7.86 million Yuan.

On June 1st, 2017, the Company's subsidiary, Dalian Bingshan Ryosetsu Quick Freezing Equipment Co., Ltd., signed the leasing contract with Dalian Jingxue Energy Saving Technology Co. Ltd. and rented out # 7 building of workshop located on No.92, Tieshan West Rd, DDA, Dalian. The rental area is 3653.76 square metres, and annual rent is RMB 840 thousand Yuan with the contracted date between June 1st, 2017 and May 31st,2022. Dalian Bingshan Ryosetsu Quick Freezing Equipment Co., Ltd. also rented out Room 201, # 4 building located on No.92, Tieshan West Rd, DDA, Dalian to Dalian Jingxue Energy Saving Technology Co., Ltd. The rental area is 25 square metres, and annual lease premium is RMB 15 thousand Yuan with the contracted date between June 1st, 2017 and May 31st, 2022.

(2) Investment property without owner's certificates

Items	Book value	Reasons
# 6 building of workshop on No. 106 Liaohe East Rd, Dalian Economic and Technology Development Zone	26,774,944.94	Deed is in the progress

11. Fixed assets

(1) Fixed assets detail

Item	Property & buildings	Machinery Equipment	Transportation Equipment	Other Equipment	Total
I. Initial Cost					
1. Opening Balance	695,840,453.24	667,643,224.77	17,198,309.87	68,018,270.10	1,448,700,257.98
2. Increase		6,584,215.73	189,465.52	554,937.29	7,328,618.54
(1) Purchase		648,029.46	189,465.52	554,937.29	1,392,432.27
(2) Transferred from construction-in-progress		5,936,186.27			5,936,186.27
(3) Acquired from business combination					
3. Decrease	1,502,347.67	973,435.24	284,450.00	20,651.12	2,780,884.03
(1) Disposal	1,502,347.67	973,435.24	284,450.00	20,651.12	2,780,884.03
(2) Transferred to					

Item	Property & buildings	Machinery Equipment	Transportation Equipment	Other Equipment	Total
other					
4. Closing Balance	694,338,105.57	673,254,005.26	17,103,325.39	68,552,556.27	1,453,247,992.49
II. Accumulated Depreciation					
1. Opening Balance	83,641,711.79	355,594,550.13	11,924,275.65	43,724,342.80	494,884,880.37
2. Increase	8,421,087.00	21,368,549.85	670,113.29	2,584,212.52	33,043,962.66
(1)Accrued	8,421,087.00	21,368,549.85	670,113.29	2,584,212.52	33,043,962.66
(2) Acquired from business combination					
3. Decrease	1,022,458.07	881,103.72	256,005.00	19,709.37	2,179,276.16
(1) Disposal	1,022,458.07	881,103.72	256,005.00	19,709.37	2,179,276.16
(2) Transferred to other					
4. Closing Balance	91,040,340.72	376,081,996.26	12,338,383.94	46,288,845.95	525,749,566.87
III. Impairment Reserve					
1. Opening Balance		517,319.50			517,319.50
2. Increase					
(1)Accrued					
3. Decrease					
(1) Disposal					
4. Closing Balance		517,319.50			517,319.50
IV. Book Value					
1. Closing book value	603,297,764.85	296,654,689.50	4,764,941.45	22,263,710.32	926,981,106.12
2. Opening book value	612,198,741.45	311,531,355.14	5,274,034.22	24,293,927.30	953,298,058.11

(2)The situation of fixed assets leased through finance lease

Item	Initial Cost	Accumulated Depreciation	Impairment Reserve	Book Value
Machinery Equipment	2,527,482.76	135,528.90		2,391,953.86

(3) Fixed assets as pending certificate of ownership

Item	Book value	Reason for Pending
Office,Lianhe #1 plant, #2plant,Jiacu plant and dormitory	255,665,851.60	Deed is in the progress

Item	Book value	Reason for Pending
Newly built plant	45,231,801.84	Deed is in the progress
Functional Lab plant	15,636,045.77	Deed is in the progress
Lianhe #3 plant	39,583,406.59	Land is pledged and deed can not be granted
Total	356,117,105.80	

12. Construction-in-progress

(1) Construction in progress details

Item	Closing Balance			Opening Balance		
	Book Balance	Provision	Book Value	Book Balance	Provision	Book Value
Buildings reconstruction	16,277,242.75		16,277,242.75	14,866,010.00		14,866,010.00
Improvement of machinery	7,218,750.87		7,218,750.87	3,342,959.00		3,342,959.00
Construction of intelligent software	2,064,452.50		2,064,452.50	1,587,243.82		1,587,243.82
Self-heating circulation equipment from mine air return	24,161,988.94		24,161,988.94			
Total	49,722,435.06		49,722,435.06	19,796,212.82		19,796,212.82

(2) Change in the significant construction in progress

Name	Opening Balance	Increase	Decrease		Closing Balance
			Transfer to fixed assets	Other decrease	
Buildings reconstruction	14,866,010.00	1,411,232.75			16,277,242.75
Improvement of machinery	3,342,959.00	9,811,978.14	5,936,186.27		7,218,750.87
Construction of intelligent software	1,587,243.82	599,850.19		122,641.51	2,064,452.50
Self-heating circulation equipment from mine air return		24,161,988.94			24,161,988.94
Total	19,796,212.82	35,985,050.02	5,936,186.27	122,641.51	49,722,435.06

(Continued)

Name	Budget	Percent of investment against budget	Progress of construction	Accumulated capitalized interest	Including: Accumulated capitalized interest of the year	Interest capitalization rate(%)	Source of funds
Buildings reconstruction	357,527,099.00	95.62%	95.62%				Self financing
Improvement of machinery	198,572,929.00	93.43%	93.43%				Self financing
Construction of intelligent software	5,360,000.00	40.80%	40.80%				Self financing
Self-heating circulation equipment from mine air return	27,000,000.00	82.10%	82.10%				Self financing
Total	588,460,028.00		—				—

The ending balance of the company's construction projects increased by 151.17% compared with the beginning balance, mainly due to the increase of equipment renovation investment in the current period. Other amounts reduced in the current period of the project under construction shall be transferred into other intangible assets.

13. Intangible assets

(1) Intangible assets list

Item	Land use right	Patent technology	Non Patent technology	Others	Total
I. Initial Cost					
1. Opening Balance	152,890,196.80	17,800,000.00	5,000,000.00	17,904,833.66	193,595,030.46
2. Increase				281,513.75	281,513.75
(1) Purchase				158,872.24	158,872.24
(2) Acquired from business combination					
(3) Transferred from construction-in-progress				122,641.51	122,641.51
3. Decrease		84,905.59			84,905.59
(1) Disposal		84,905.59			84,905.59
(2) Transferred to other					
4. Closing Balance	152,890,196.80	17,715,094.41	5,000,000.00	18,186,347.41	193,791,638.62
II. Accumulated amortisation					
1. Opening Balance	31,973,987.34	2,907,657.95	1,500,004.00	10,194,788.46	46,576,437.75
2. Increase	1,547,549.49	729,719.40	250,002.00	702,841.82	3,230,112.71

Item	Land use right	Patent technology	Non Patent technology	Others	Total
(1)Accrued	1,547,549.49	729,719.40	250,002.00	702,841.82	3,230,112.71
(2) Acquired from business combination					
3. Decrease					
(1) Disposal					
(2) Transferred to other					
4. Closing Balance	33,521,536.83	3,637,377.35	1,750,006.00	10,897,630.28	49,806,550.46
III. Impairment Reserve					
1. Opening Balance					
2. Increase					
(1)Accrued					
(2) Others					
3. Decrease					
(1) Disposal					
(2) Transferred to other					
4. Closing Balance					
IV. Book Value					
1. Closing book value	119,368,659.97	14,077,717.06	3,249,994.00	7,288,717.13	143,985,088.16
2. Opening book value	120,916,209.46	14,892,342.05	3,499,996.00	7,710,045.20	147,018,592.71

14. Goodwill

(1) Original cost of goodwill

Name	Opening Balance	Increased during current year Enterprise merger increase	Decreased during current year			Closing Balance
			Other	Disposal	Other	
Dalian Universe Thermal Technology Co., Ltd.	1,440,347.92					1,440,347.92
Dalian Bingshan-P&A Recreation Development Engineering Co., Ltd.	310,451.57					310,451.57
Total	1,750,799.49					1,750,799.49

(2) Goodwill impairment provision

Goodwill calculation method:

In the year 2015, the book value of equity investment of Dalian Universe Thermal Technology Co., Ltd. exceeds the fair value of the proportion of the acquired company's identifiable net asset. The difference between the book value of equity investment of 48,287,589.78 Yuan and the identifiable

net asset's fair value of Dalian Sanyo High-efficient Refrigeration System Co., Ltd of 46,847,241.86 Yuan on the acquisition date of July 31st 2015 is recognized as goodwill of 1,440,347.92 Yuan on the group consolidated financial report at the end of the year.

In the year 2016, the company purchases shares of Dalian Bingshan-P&A Recreation Development Engineering Co., Ltd. and gains control. The transferred price is based on the net asset of Dalian Bingshan-P&A Recreation Development Engineering Co., Ltd. on June 30th 2016. Negotiated with Dalian Bingshan-P&A Recreation Development Engineering Co., Ltd.'s shareholder P&A 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-P&A Recreation Development Engineering Co., Ltd's identifiable net asset is 5,049,096.85 Yuan on the purchasing day, therefore, goodwill is 310,451.57Yuan on the purchasing date.

The book value of goodwill from business combination of Dalian Universe Thermal Technology Co., Ltd. and Dalian Bingshan-P&A Recreation Development Engineering Co., Ltd. which are not under same control shall be allocated into the relevant asset group using the reasonable method since acquisition date and taken impairment test on relevant asset group where the goodwill is included. The obvious impairment indication of the goodwill hasn't been found. Thus no goodwill impairment provision has been made.

15. Long-term repayments

Item	Opening Balance	Increase	Amortization	Other Decrease	Closing Balance
Employee's dormitory use right	2,150,648.70		69,239.16		2,081,409.54
Renovation and rebuilding	837,087.14		22,522.50		814,564.64
Lease	637,740.00		53,145.00		584,595.00
Membership fee for Golf	456,500.00		8,250.00		448,250.00
Technology entrance fee of cold and heat machinery	1,213,631.25		186,712.50		1,026,918.75
Greenland of new factory	7,508,638.66		446,057.76		7,062,580.90
Service fee from Technology center	69,182.44		18,867.90		50,314.54
Total	12,873,428.19		804,794.82		12,068,633.37

16. Deferred tax assets and deferred tax liabilities

(1) Deferred tax assets without offsetting

Item	Closing Balance		Opening Balance	
	Deductible temporary difference	Deferred tax assets	Deductible temporary difference	Deferred tax assets
Provision for impairment of assets	174,744,531.58	34,540,914.11	158,842,386.89	31,736,544.09
Unrealized profit from internal transaction	15,641,404.17	2,346,210.63	15,641,404.20	2,346,210.63
Total	190,385,935.75	36,887,124.74	174,483,791.09	34,082,754.72

(2) Deferred tax liabilities without offsetting

Item	Closing Balance		Opening Balance	
	Taxable temporary difference	Deferred tax liabilities	Taxable temporary difference	Deferred tax liabilities
Changes in the fair value of other non-current financial assets	273,394,443.96	41,009,166.63	346,362,948.00	51,954,442.22
Total	273,394,443.96	41,009,166.63	346,362,948.00	51,954,442.22

(3) Unrecognized deferred tax assets details

Item	Closing Balance	Opening Balance
Deductible temporary difference	44,578,176.63	47,316,245.31
Deductible loss	19,918,227.26	50,277,991.93
Total	64,496,403.89	97,594,237.24

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

Year	Closing Balance	Opening Balance	Notes
2020	3,240,819.97	3,240,819.97	
2021		31,012,868.08	
2022			
2023	16,677,407.29	16,024,303.88	
2024			
Total	19,918,227.26	50,277,991.93	

17. Short-term loan

(1) Category of short term loan

Loan category	Closing Balance	Opening Balance
Mortgage loan	40,000,000.00	
Credit loan	249,000,000.00	250,000,000.00
Total	289,000,000.00	250,000,000.00

18. Notes payable

Notes category	Closing Balance	Opening Balance
Commercial acceptance notes	31,174,188.00	36,839,166.88
Bank acceptance notes	277,768,245.94	236,562,369.70
Total	308,942,433.94	273,401,536.58

At the end of the reporting period, there is no unpaid notes payable which is due.

19. Accounts payable

(1) Accounts payable

Item	Closing Balance	Opening Balance
Material payments	707,294,582.04	610,777,680.58
Project payments	147,191,096.08	192,942,733.62
Equipment payments	60,212,279.08	51,953,768.99
Others	2,901,862.25	3,815,375.42
Total	917,599,819.45	859,489,558.61

(2) Accounts payable with age over 1 year

Name of company	Closing Balance	Reason of unpaid or not carried forward
Heilongjiang Longleng Technology Co., Ltd	9,413,290.00	Project is uncompleted contract is not finished
Xi 'an qitong new energy equipment Co., Ltd	7,724,134.58	Project is uncompleted contract is not finished
Li xing kai (Beijing) energy system technology Co., Ltd	6,136,305.82	Project is uncompleted contract is not finished
Wuhan KaiXing Economic Development Co., Ltd	5,083,946.00	Project is uncompleted contract is not finished
Total	28,357,676.40	Project is uncompleted contract is not finished

20. Received in advance

(1) Received in advance

Item	Closing Balance	Opening Balance
Advanced on sales	138,163,912.46	122,151,101.00
Total	138,163,912.46	122,151,101.00

(2) Accounts received in advance aged over 1 year

Company	Closing Balance	Reason
Dandong Port	5,000,000.00	Unsettled contract payments on sets projects
Total	5,000,000.00	

21. Employee's payable

(1) Category of employee's payable

Item	Opening Balance	Increase	Decrease	Closing Balance
Short-term employee's payable	31,856,136.59	147,992,890.23	168,815,553.57	11,033,473.25
Post-employment benefit –defined contribution plan		19,506,233.60	19,506,233.60	
Termination benefits		179,243.55	179,243.55	
Total	31,856,136.59	167,678,367.38	188,501,030.72	11,033,473.25

(2) Short-term employee's payables

Item	Opening Balance	Increase	Decrease	Closing Balance
Salaries, bonus, allowance, and subsidy	24,216,112.24	116,852,447.36	135,454,972.22	5,613,587.38
Welfare	4,769,883.17	3,905,452.82	4,617,290.04	4,058,045.95
Social insurance		10,337,267.36	10,337,267.36	
Include: Medical insurance		8,071,230.09	8,071,230.09	
Supplemental insurance				
On-duty injury insurance		1,197,824.72	1,197,824.72	
Maternity insurance		1,068,212.55	1,068,212.55	
Housing funds	1,727,088.11	14,398,423.83	16,066,304.48	59,207.46
Labor union and training expenses	1,143,053.07	2,057,158.75	1,897,579.36	1,302,632.46
Short-term leave with pay				
Short term profit share plan				
Others		442,140.11	442,140.11	
Total	31,856,136.59	147,992,890.23	168,815,553.57	11,033,473.25

(3) Defined contribution plan

Item	Opening Balance	Increase	Decrease	Closing Balance
Pension		18,875,207.33	18,875,207.33	
Unemployment insurance		631,026.27	631,026.27	
Total		19,506,233.60	19,506,233.60	

The ending balance of wages payable decreased 65.36% over that of period-begin, mainly because the year-end bonus for year of 2018 are paid in the report Period.

22. Tax payable

Item	Closing Balance	Opening Balance
Value-added tax	794,883.34	5,008,187.41
Enterprise income tax	16,161,706.52	4,011,845.57

Individual income tax	178,778.50	2,477,602.40
City maintenance and construction tax	116,664.70	308,110.57
Real estate tax	1,824,336.57	887,197.28
Land use tax	1,094,760.28	553,224.98
Education surcharge	81,743.71	210,076.03
Green tax	574.22	557.18
Safeguard fund for disables	440.00	460.00
Stamp duty	101,453.33	150,950.90
Total	20,355,341.17	13,608,212.32

The closing balance of tax payable increased 49.58% comparing with the opening balance , mainly because the enterprise income tax payable by the Company increased during the current period.

23. Other accounts payable

Item	Closing Balance	Opening Balance
Interest payable	297,917.07	1,369,527.78
Dividend payable	42,693,781.35	533,156.00
Other accounts payable	35,530,080.69	61,411,274.65
Total	78,521,779.11	63,313,958.43

. (1) Interest payable

Item	Closing Balance	Opening Balance
Interest on corporate bond	297,917.07	985,111.11
Interest on short term loan		384,416.67
Total	297,917.07	1,369,527.78

The Closing Balance of interest payable by the Company decreased 78.25% comparing with the Opening Balance, mainly due to the Company pays interest on short term loan due at the current period.

(2). Dividend payable

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

The Company's dividend payable at the end of the period increased 7907.75% compared with the beginning of the period, mainly because the dividend payable did not reach the payment period.

(3) Other accounts payable

Other payables categorized by payments nature

Payments nature	Closing Balance	Opening Balance
Restricted share buy back		21,026,106.00
Loan from non-financial institutes	8,080,000.00	6,100,000.00
Cash pledge and security deposit	10,027,524.67	9,487,599.86

Payments nature	Closing Balance	Opening Balance
Apply for reimbursement and unpaid	12,143,588.83	15,032,744.10
Receipts under custody	1,528,790.49	4,362,549.92
Others	3,750,176.70	5,402,274.77
Total	35,530,080.69	61,411,274.65

The Company's Other accounts payable at the end of the period decreased 42.14% compared with the beginning of the period, mainly in accordance with the proposal on terminating the implementation of the 2016 Restrictive Stock Incentive Plan and repurchase and cancellation of Relevant Restrictive Stocks, which was deliberated and approved by the 1st Extraordinary Shareholders' General Meeting of 2019, the Company has fulfilled the corresponding capital reduction procedures according to law, and has reduced the obligation of the Restrictive Stock Repurchase.

24. Non-current liabilities due within one year

Item	Closing Balance	Opening Balance
Long-term accounts payable with one year	1,472,720.00	2,999,574.93
Total	1,472,720.00	2,999,574.93

The Long-term accounts payable with one year are financial leases payable. The closing balance decreased 50.90% compared with the beginning of the period. The main reason is that the Company pays the matured financial leases.

25. Long-term loan

(1) Category of long-term loan

Category	Closing Balance	Opening Balance
Guarantee loan	160,000,000.00	160,000,000.00
Total	160,000,000.00	160,000,000.00

CDB development fund give support to the Company's intelligent and green equipment of cold chain and service industry base project and provide special fund to the Company's holding shareholder, Bingshan Group. The fund is 0.16 billion Yuan with 10year'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.

26. Bonds payable

(1) Bonds payable

Item	Closing Balance	Opening Balance
Exchangeable corporate bonds	25,000,034.00	176,000,000.00
Total	25,000,034.00	176,000,000.00

(2) The changes of bond

Bond name	Par value	Issue date	Bond term	Issue Amount	Opening balance	Issued this year	Interest at par value	Repay	Closing balance
Exchangeable corporate bonds	176,000,000.00	2018.7.30	3 years	176,000,000.00	176,000,000.00	0.00	297,917.07	150,999,966.00	25,000,034.00
Total	--	--	--	176,000,000.00	176,000,000.00	0.00	297,917.07	150,999,966.00	25,000,034.00

(3) other notes:

Approved by the Shanghai Stock Exchange "Letter of No-Objection to the Non-public Issuance of Convertible Corporate Bonds of Dalian Refrigeration Co., Ltd." ([2018] No. 125), the company non-publicly issued 1.76 million number of convertible corporate bonds on July 30, 2018, at a par value of 100Yuan, and raised a total of 176 million Yuan. The bond is based on simple annual interest rate with a fixed interest rate of 1.3%. It is repayable once a year and pays interest once a year. The relevant issuance costs are RMB 1,496,000.00.

The term of the bond swap is from the first trading day after the 6 months of issuance of the convertible corporate bonds to the maturity date of the convertible corporate bonds, which is from January 30, 2019 to July 2021. 29th. If the due date is on a statutory

On the principal payment date of this bond, the company will pay all convertible bonds to investors at the price of 108% of the par value of the convertible bonds (excluding the last annual interest).

The closing balance decreased 85.80% compared with the beginning of the period. The main reason is that the Company pays the matured financial leases.

The total number of shares exchanged by the holders of "18 Da Leng EB" in this period is 8,388,887.00 shares, and the exchange price is 18 yuan per share.

27. Long term accounts payable

Item	Closing Balance	Opening Balance
Long term accounts payable	17,574,885.46	1,532,949.94
Total	17,574,885.46	1,532,949.94

(1) Category by nature

Item	Closing Balance	Opening Balance
Financial lease	856,524.11	856,524.11
Sale and leaseback	676,425.83	676,425.83
Supply Chain Financing	16,041,935.52	

The Long term accounts payable increased 1,046.47% in the current period compared with the previous period, mainly because of Wuxin Refrigeration, a subsidiary of the company, signed a commercial factoring contract.

28. Deferred income

(1) Category of deferred income

Item	Opening Balance	Increase	Decrease	Closing Balance	Formation Basis
Government subsidy	103,532,328.40		3,153,831.42	100,378,496.98	
Sale-leaseback contract	9,765.39		3,446.58	6,318.81	
Total	103,542,093.79		3,157,278.00	100,384,815.79	—

(2) Government subsidy project

Government subsidy item	Opening Balance	Increase	Recorded into other income	Offset cost or expense	Closing Balance	Related with asset/equity
Subsidy fund for highly effective heat pump and related system	2,049,280.00			275,839.98	1,773,440.02	Asset related
Relocation compensation	42,332,000.00		556,998.00		41,775,002.00	Asset related
Application of NH ₃ and CO ₂ instead of R22 screw refrigerating machine combined condensing unit	15,896,814.28			709,421.76	15,187,392.52	Asset related
Compressor IC system	4,653,655.59			187,229.64	4,466,425.95	Asset related
Ultrasonic intelligent defrost technology	4,305,677.93			147,416.76	4,158,261.17	Asset related
Eco Compressor project	27,637,021.90			1,276,925.28	26,360,096.62	Asset related
R290 replacement of R22 large industrial screw unit	4,877,498.70				4,877,498.70	Asset related
R290 replacement of R22 industrial double stage screw unit	1,780,380.00				1,780,380.00	Asset related
Total	103,532,328.40		556,998.00	2,596,833.42	100,378,496.98	

Asset related grant shall be offset the cost or expense within the asset's useful life; income related grant shall be booked into other income or offset cost or expense if it is relevant to daily

activity, otherwise it shall be booked into non-operating expense.

29.Share capital

Item	Opening balance	Increase/decrease (+, -)					Closing balance
		New share issued	Share dividend	Transfer from capital reserve	others	Subtotal	
Total shares	855,434,087.00				-12,221,580.00	-12,221,580.00	843,212,507.00

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

30.Capital reserves

Items	Opening Balance	Increase	Decrease	Closing Balance
Share premium	693,218,918.20		33,596,874.00	659,622,044.20
Other capital reserves	67,146,423.80			67,146,423.80
Total	760,365,342.00		33,596,874.00	726,768,468.00

On January 17,2019, the Company held the first extraordinary shareholders' meeting of 2019 which reviewed and approved the Proposal on terminating the implementation of 2016 Restricted Stock Incentive Plan of the Company and log outing the restricted stock. On March 4,2019, the Company has completed the capital reduction process, the Share premium decreased.

31. Treasury Share

Items	Opening Balance	Increase	Decrease	Closing Balance
Share incentive buy-back	21,026,106.00		21,026,106.00	0.00
Total	21,026,106.00		21,026,106.00	0.00

On January 17,2019, the Company held the first extraordinary shareholders' meeting of 2019 which reviewed and approved the Proposal on terminating the implementation of 2016 Restricted Stock Incentive Plan of the Company and log outing the restricted stock. On March 4,2019, the Company has completed the capital reduction process, the Treasury Share decreased.

32. Other comprehensive income

Items	Opening Balance	2019.1-6			After-tax attribute to the company	attribute parent to	After-tax attribute minority shareholder	Closing Balance
		Amount for the period before income tax	Less: Previously recognized in profit or loss in other comprehensive income	Less: income tax				
I.Later can't reclassified into profit and loss of other comprehensive income								
II. Later reclassified into profit and loss of other comprehensive income	2,501,459.77							2,501,459.77
Proportional other comprehensive income of investee which is reclassified into income statement under equity method	2,501,459.77							2,501,459.77
Other comprehensive income total	2,501,459.77							2,501,459.77

33. Special Reserve

Items	Opening Balance	Increase	Decrease	Closing Balance
Safety production cost		1,025,336.49	1,025,336.49	
Total		1,025,336.49	1,025,336.49	

34. Surplus reserves

Item	Opening Balance	Increase	Decrease	Closing Balance
Statutory surplus reserve	334,459,422.69			334,459,422.69
Discretionary surplus reserve	386,631,617.33	32,428,137.09		419,059,754.42
Total	721,091,040.02	32,428,137.09		753,519,177.11

The company made profit distribution within the reporting period. According to the 2018 annual meeting, 20% of net profit in the 2018 fiscal annual report is provided for discretionary surplus reserve of 32,428,137.09 Yuan.

35. Undistributed profits

Item	2019-06-30	2018-06-30
Closing balance of 2018	764,859,288.45	750,397,795.56
Add: Adjustments to the opening balance of undistributed profits	294,408,505.78	
Including: additional retrospective adjustments according to the new accounting standards		
Change on accounting policy		
Correction of prior period significant errors		
Change on combination scope under same control		
Other factors		
Opening balance of 2019	1,059,267,794.23	750,397,795.56
Add: net profit attributable to shareholders of parent company in the year	108,373,919.30	59,017,542.28
Less: Provision for statutory surplus reserves	32,428,137.09	36,726,596.18
Provision for any surplus reserves		
Provision of general risk		
Dividends payable for common shares	42,160,625.35	42,771,704.35
Share dividends		
Staff award fund		305,618.42
Closing balance of the current period	1,093,052,951.09	729,611,418.89

Due to the change of accounting policy, the undistributed profit at the beginning of the impact period was 294,408,505.78 yuan.

36. Operating revenue and cost

Items	2019.01-06		2018.01-06	
	Sales revenue	Cost of sales	Sales revenue	Cost of sales
Revenue from principle operation	1,052,236,172.60	903,291,760.46	1,010,172,413.37	841,675,852.36
Revenue from other operation	23,493,067.97	16,468,219.40	18,906,123.42	11,168,022.91
Total	1,075,729,240.57	919,759,979.86	1,029,078,536.79	852,843,875.27

37. Operating taxes and surcharges

Items	2019.01-06	2018.01-06
City construction tax	1,253,720.56	1,103,174.98
Education surcharge	884,724.11	775,163.60
Property tax	3,758,045.42	3,749,949.14
Land use tax	2,185,948.32	2,450,463.10
Vehicle and vessel tax	10,907.04	11,988.44
Stamp duty	633,223.16	641,528.66
Levee fee	108.77	
Environmental Protection Tax	3,606.49	1,653.81
Total	8,730,283.87	8,733,921.73

38. Selling expenses

Items	2019.01-06	2018.01-06
Official business expense	3,988,847.51	4,539,930.14
Employee benefit	21,396,465.27	18,276,891.66
Depreciation expense	155,303.69	156,761.63
Transportation expense	12,587,418.44	12,038,705.09
Business entertaining expense	4,881,843.49	4,036,343.06
Travel expense	5,066,994.70	5,624,151.75
Maintenance and repair expense	3,484,274.34	2,196,454.74
Advertisement and bids expense	980,196.85	1,138,461.50
Other expense	555,474.33	655,113.54
Total	53,096,818.62	48,662,813.11

39. Administrative expenses

Items	2019.01-06	2018.01-06
Official expense	7,892,079.60	8,232,927.98

Items	2019.01-06	2018.01-06
Employee benefit	52,352,461.45	53,578,916.78
Depreciation expense	6,251,109.67	5,755,436.73
Business entertaining expense	2,081,570.86	1,782,386.28
Travel expense	4,064,689.71	3,109,980.56
Maintenance and repair expense	2,309,890.96	1,922,753.65
Advertisement expense	408,712.91	459,235.50
Insurance expense	533,710.46	532,158.46
Long-term assets amortization	3,801,155.48	3,106,842.37
Design consultant and test service expense	2,237,748.01	404,122.61
Safety production cost	1,031,715.77	1,254,520.04
Other expense	2,977,250.33	1,375,875.04
Total	85,942,095.21	81,515,156.00

40. R&D expenses

Items	2019.01-06	2018.01-06
Employee benefit	21,344,115.07	21,662,725.31
Depreciation and amortization expense	2,405,920.60	2,768,900.70
Raw material	3,770,083.72	1,415,864.91
Entrust external R&D investment	132,075.47	963,679.24
Other expense	897,669.31	803,166.51
Total	28,549,864.17	27,614,336.67

41. Financial expenses

Items	2019.01-06	2018.01-06
Interest expenses	5,542,418.26	8,884,281.55
Less: Interest income	572,223.80	2,069,056.36
Add: Exchange loss	-570,799.89	643,842.13
Add: Others expenditure	1,068,192.62	1,180,197.48
Total	5,467,587.19	8,639,264.80

The financial expenses decreased 36.71% in the current period compared with the previous period, mainly because of the interest expense decreased.

42. Other income

Items	2019.01-06	2018.01-06
VAT refund	53,838.84	109,637.40
Grant given by the government for relocation	556,998.00	
Government subsidy	1,424,600.00	
Total	2,035,436.84	109,637.40

43. Investment income

Items	2019.01-06	2018.01-06
Long-term equity investment gain under equity method	72,239,478.13	55,473,486.44
Gain from disposing long-term equity investment		
Gain from holding of other non-current financial assets	4,320,252.20	11,139,558.00
Gain from disposal other non-current financial assets	40,567,691.40	
Total	117,127,421.73	66,613,044.44

The Investment income increased 75.83% in the current period compared with the previous period, mainly because of the Impact of Stock Exchange of "18 Da Leng EB" holders in the current period.

44. Fair value change income

Items	2019.01-06	2018.01-06
Other non-current financial assets	40,461,125.59	
Total	40,461,125.59	

The Fair value change income increased 100% in the current period compared with the previous period, mainly because of the Company implements the financial instrument standards in the current period.

45. Assets impairment losses

Items	2019.01-06	2018.01-06
Loss of bad debts	-16,863,134.42	-8,083,861.40
Provision for inventory impairment		
Total	-16,863,134.42	-8,083,861.40

The Assets impairment losses increased 108.60% in the current period compared with the previous period, mainly because of the increase in provision for bad debts against receivables in the current period.

46. Gain on assets disposal

Item	2019.01-06	2018.01-06
Gains on disposal of non-current assets	1,242,799.31	230,812.06
Gain on non-current assets disposal income not classified as held for sale	1,242,799.31	230,812.06
Including: gain on fixed assets disposal	1,242,799.31	230,812.06

Total	1,242,799.31	230,812.06
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47. Non-operating income

(1) Non-operating income list

Item	2019.01-06	2018.01-06	Amounts recognized into non-recurring profit or loss for the year
Debt restructuring gains	1,999,241.94		1,999,241.94
Government grant	337,400.00	850,600.00	337,400.00
Penalty and fine income	135,723.19	258,017.67	135,723.19
Others		1,068,246.27	
Total	2,472,365.13	2,176,863.94	2,472,365.13

(2) Government grant details

Items	2019.01-06	2018.01-06	Explanations
Fostering fund in 2018	337,400.00		Related to gain
Fostering fund in 2017		300,600.00	Related to gain
Subsidy of Economic support policy		50,000.00	Related to gain
New high-tech Enterprise		300,000.00	Related to gain
Patent subsidy		150,000.00	Related to gain
Postdoctoral workstation		50,000.00	Related to gain

Other project was that the Company purchased the shareholding equity of Wuhan Lanning Energy Technology Co., Ltd. in the current period, and the amount of the merger cost less than the fair value of the identifiable net assets acquired on the purchase date, was recognized as non-operating income.

48. Non-operating expenses

Item	2019.01-06	2018.01-06	Amounts recognized into non-recurring profit or loss for the year
Outward donation	60,000.00	60,000.00	60,000.00
Quality Claim	46,516.94	93,590.70	46,516.94
Non-current assets scrap loss	15,126.57		15,126.57
Total	121,643.51	153,590.70	121,643.51

49. Income tax expenses

(1) Income tax expenses

Items	2019.01-06	2018.01-06
Current income tax expenses	16,570,975.86	4,709,435.95
Deferred income tax expenses	-2,804,370.02	-1,268,991.70
Total	13,766,605.84	3,440,444.25

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

Items	2019.01-06
Total profits	120,536,982.32
Current income tax expense accounted by tax and relevant regulations	18,080,547.35
Influence of different tax rate suitable to subsidiary	1,977,530.38
Influence of income tax before adjustment	-636,465.94
Influence of non taxable income	-2,713,531.73
Influence of not deductible costs, expenses and losses	1,696,591.16
Influence of deductible losses of deferred income tax assets derecognized used in previous period	-4,638,065.38
Influence of deductible temporary difference or deductible losses of deferred income tax assets derecognized in reporting period.	
Income tax expenses	13,766,605.84

The Company's current income tax expenses increased 300.14% compared with the previous period, mainly due to the Influence of the increase of taxable income in the current period.

50. Other comprehensive income

Refer to the note VII.33 other comprehensive income for details.

51. Notes to cash flow statement

(1) Cash receipt/payment of other operating/investing/financing activities

1) Other cash received relating to operating activities

Items	2019.01-06	2018.01-06
Government grants	1,762,000.00	950,600.00
Received travel expense refund	2,190,560.23	1,362,432.77
Deposit given back	11,938,968.66	12,317,606.04
Interest income	859,925.57	2,999,084.48
Others	1,027,584.20	894,306.29
Total	17,779,038.66	18,524,029.58

2) Other cash paid relating to operating activities

Items	2019.01-06	2018.01-06
Business travel borrowing	5,490,477.40	6,452,619.29

Deposit paid	8,675,281.20	19,525,966.58
Expenditure	47,585,026.48	43,456,472.12
Payments to relate party		960,032.83
Bank handling charges	965,122.59	1,013,522.20
Others	713,616.93	972,341.24
Total	63,429,524.60	72,380,954.26

3) Others cash received relating to investing activities

Items	2019.01-06	2018.01-06
Redemption of Bank Financial Products		76,000,000.00
Total		76,000,000.00

4) Others cash received relating to financing activities

Items	2019.01-06	2018.01-06
Collection of guarantee money	38,323,050.64	30,116,287.80
Refund fractional dividend		
Interests on discount of bill acceptance		
Total	38,323,050.64	30,116,287.80

5) Others cash played relating to financing activities

Items	2019.01-06	2018.01-06
Interests on discount of bill acceptance	136,500.00	216,469.74
Payment of guarantee money	17,348,438.30	17,457,092.02
Sale& leaseback and financial lease	2,815,038.27	
Repurchase the restricted stock	47,566,389.36	3,446,078.94
Note financing is due and is paid		
Total	67,866,365.93	21,119,640.70

52. Supplementary information of consolidated cash flow statement

Items	2019.01-06	2018.01-06
1. Adjusting net profit into cash flows of operating activities:		
Net profit	106,770,376.48	58,521,630.70
Add: Provision for impairment of assets	16,863,134.42	8,083,861.40
Depreciation of fixed assets, Amortization of mineral resources, and biological assets	33,043,962.66	31,496,581.95
Amortization of intangible assets	3,230,112.71	3,281,239.27
Amortization of long-term deferred expenses	804,794.82	828,379.74

Losses on disposal of fixed assets, intangible assets, and long-term assets (income listed with“-”)	-1,242,799.31	-230,812.06
Losses on write-off of fixed assets (income listed with“-”)	15,126.57	
Change of fair value profit or loss	-40,461,125.59	
Financial expense (income listed with“-”)	5,275,618.93	9,920,078.84
Investment loss (income listed with“-”)	-117,127,421.73	-66,613,044.44
Decrease of deferred tax assets(increase listed with“-”)	-2,804,370.02	-1,636,322.60
Increase of deferred tax liabilities(decrease listed with“-”)		
Decrease of inventories (increase listed with“-”)	-56,623,320.41	-74,289,269.87
Decrease of operating receivables (increase listed with“-”)	-109,300,254.90	-109,284,490.94
Increase of operating payables (decrease listed with“-”)	83,780,127.49	22,644,645.48
Others		1,948,765.36
Net cash flows arising from operating activities	-77,776,037.88	-115,328,757.17
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	214,418,184.24	303,431,605.14
Less: Opening balance of cash	304,703,434.47	364,693,406.31
Add: Closing balance of cash equivalent		
Less: Opening balance of cash equivalent		
Net increase of cash and cash equivalent	-90,285,250.23	-61,261,801.17

(2) Cash and cash equivalents

Items	2019.6.30	2018.12.31
Cash	214,418,184.24	304,703,434.47
Including: Cash on hand	78,153.94	74,387.33
Bank deposit used for paying at any moment	214,340,030.30	304,629,047.14
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	214,418,184.24	304,703,434.47
Cash and cash equivalents restricted in the parent company or subsidiary		

53.The assets with the ownership or use right restricted

Items	2019.6.30	Reasons
Monetary fund	17,348,438.30	Guarantee money
Notes Receivable	29,013,709.30	Pledge
Fixed assets	64,583,406.59	Mortgage Loan
Intangible assets	49,252,120.00	Mortgage Loan
Total	160,197,674.19	

Dalian Universe Thermal Technology Co., Ltd.and Dalian Bingshan Engineering&Trading Co.,Ltd. pledged the bank acceptance note to ICBC Dalian Economic and Technological Development Zone Branch as guarantee for issuing the commercial acceptance note.

Wuhan New World Refrigeration Industrial Co., Ltd signed the “maximum pledge contract” with GuangdaBank of China Wuhan branch. Property and land were pledged and Wuhan New World Refrigeration Industrial Co., Ltd was granted for credit of 100 million Yuan.

54.Monetary category of foreign currency

(1) Monetary category of foreign currency

Item	Closing Balance (foreign currency)	Exchange Rate	Closing Balance (RMB)
Cash	—	—	9,747,221.34
Including: USD	1,290,279.90	6.8747	8,870,287.22
Euro	4,509.23	7.8170	35,248.65
GBP	5,185.09	8.7113	45,168.87
JPY	12,481,456.00	0.0638	796,516.60
Accounts receivable	—	—	48,074,582.44
Including: USD	6,081,736.57	6.8747	41,810,114.40
GBP	136,790.86	8.7113	1,191,626.22
JPY	79,491,692.00	0.0638	5,072,841.82
Accounts payable	—	—	4,646,351.59
Including: USD	364,005.37	6.8747	2,502,427.72
JPY	41,946.28	8.7113	365,406.63
GBP	27,869,456.56	0.0638	1,778,517.24

55.Government Grants

Category	Amount	Disclosure	Amount recognized in current profit and loss
VAT refund	53,838.84	Other Income	53,838.84
Relocation compensation	556,998.00	Other Income	556,998.00
Special funds for processing trade from Economic Development Bureau of JinPu new district	1,409,600.00	Other Income	1,409,600.00
Special fund subsidy for the construction of manufacturing innovation center	15,000.00	Other Income	15,000.00
Fostering fund in 2018	337,400.00	Non-operating income	337,400.00
Total	2,372,836.84	-	2,372,836.84

VIII. Change of Consolidation Scope

Applicable Not applicable

IX. Interest in other entity

1. Equity of subsidiaries

(1) Organization structure of group company

Name of subsidiaries	Main business address	Registered address	Business nature	Shareholding (%)		Obtaining method
				Direct	Indirect	
Dalian Bingshan Group Engineering Co., Ltd.	Dalian	Dalian	Installation	100		Establish
Dalian Bingshan Group Sales Co., Ltd.	Dalian	Dalian	Trading	100		Establish
Dalian Bingshan Air-conditioning Equipment Co., Ltd.	Dalian	Dalian	Manufacturing	70		Establish
Dalian Bingshan Guardian Automation Co., Ltd.	Dalian	Dalian	Manufacturing	100		Establish
Dalian Bingshan Ryosetsu Quick Freezing Equipment Co., Ltd.	Dalian	Dalian	Manufacturing	100		Establish
Wuhan New World Refrigeration Industrial Co., Ltd.	Wuhan	Wuhan	Manufacturing	100		Acquisition
Bingshan Technical Service (Dalian) Co.,Ltd.	Dalian	Dalian	Services	100		Establish
Dalian New Meica Electronics	Dalian	Dalian	Electronic	100		Acquisition

Name of subsidiaries	Main	Registered	Business nature	Shareholding (%)	Obtaining
Technology Co., Ltd					
Dalian Universe Thermal Technology Co., Ltd.	Dalian	Dalian	Manufacturing	55	Acquisition
Dalian Bingshan Engineering & Trading Co., Ltd.	Dalian	Dalian	Service	100	Acquisition
Wuhan New World Air-conditioning Refrigeration Engineering Co., Ltd	Wuhan	Wuhan	Installation	100	Establish
Wuhan Lanning Energy Technology Co., Ltd.	Wuhan	Wuhan	Trading	54.55	Acquisition
Ningbo Bingshan Air-conditioning Refrigeration Engineering Co., Ltd	Ningbo	Ningbo	Installation	51.00	Establish
Dalian Bingshan -P&A Recreation Development Engineering Co., Ltd	Dalian	Dalian	Installation	100.00	Acquisition
Chengdu Bingshan Refrigeration Engineering Co., Ltd.	Chengdu	Chengdu	Services	51.00	Establish

- 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
 - 3) Change on the shareholding of the subsidiaries is explained in the Note II.change on the combination scope
- (2) There is no significant non-wholly-owned Subsidiary
2. Equity in joint venture arrangement or associated enterprise
 - (1) The important of joint ventures or affiliated companies

Name of joint ventures or affiliated companies	Main business address	Registered address	Business nature	Shareholding (%)		Accounting methods
				Direct	Indirect	
Panasonic Appliances Compressor (Dalian) Co., Ltd.	Dalian	Dalian	Manufacturing	40		Equity method
Dalian Bingshan Metal Technology Co., Ltd.	Dalian	Dalian	Manufacturing	49		Equity method
Panasonic Appliances Cold-Chain (Dalian) Co., Ltd.	Dalian	Dalian	Manufacturing	40		Equity method

The Company assumes the affiliated as significant party either when the investment income from investee presents 10% of the parent's net profit or the proportion of shareholding of the investee's net asset represents 10% of the parent's shareholder equity.

- 1) The Company has the same percentage of shareholding and voting right in joint-venture or affiliated company.
- 2) The Company doesn't have affiliated company which has significant influence although being held less than 20% voting rights.
- 3) 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

Items	30-06-2019/2019.01-06		
	Dalian Bingshan Metal Technology Co., Ltd.	Panasonic Appliances Compressor (Dalian) Co., Ltd.	Panasonic Appliances Cold-Chain (Dalian) Co., Ltd.
Current assets	348,869,737.30	1,350,509,101.63	1,343,635,261.96
Including: Cash and cash equivalents			
Non-current assets	47,594,104.91	315,945,480.08	245,220,954.76
Total assets	396,463,842.21	1,666,454,581.71	1,588,856,216.72
Current liabilities	52,605,535.67	528,998,866.63	952,340,955.51
Non-current liabilities			1,474,641.02

Items	30-06-2019/2019.01-06		
	Dalian Bingshan Metal Technology Co., Ltd.	Panasonic Appliances Compressor (Dalian) Co., Ltd.	Panasonic Appliances Cold-Chain (Dalian) Co., Ltd.
Total liabilities	52,605,535.67	528,998,866.63	953,815,596.53
Minority interests			
Equity to the parent company	343,858,306.54	1,137,455,715.08	635,040,620.19
Proportions of net assets according to the shareholding percentage	168,490,570.20	454,982,286.03	254,016,248.08
Adjusting events			
—Goodwill	19,269,770.94		4,440,630.90
—Unrealized profits of insider trading			
--Others	-69,007.66	-1,314,614.78	-2,450,740.67
Book value of equity investment of affiliated companies	187,691,333.48	453,667,671.25	256,006,138.31
Operating income	202,961,647.33	620,287,402.33	741,540,108.17
Financial expense			
Income tax expense			
Net profit	28,166,390.78	41,081,512.65	76,585,645.51
Total comprehensive income	28,166,390.78	41,081,512.65	76,585,645.51

Continued:

Items	31-12-2018/2018.01-06		
	Dalian Bingshan Metal Technology Co., Ltd.	Panasonic Compressor (Dalian) Co., Ltd	Dalian Fuji Bingshan Vending Machine Co., Ltd.
Current assets	336,224,040.64	1,376,419,885.42	456,023,899.41
Including: Cash and cash equivalents			
Non-current assets	50,280,554.61	326,931,005.88	279,107,770.84
Total assets	386,504,595.25	1,703,350,891.30	735,131,670.25
Current liabilities	73,598,900.93	484,391,688.87	273,539,622.63
Non-current liabilities		140,000.00	75,980,400.55
Total liabilities	73,598,900.93	484,531,688.87	349,520,023.18
Minority interests			
Equity to the parent company	312,905,694.32	1,218,819,202.43	385,611,647.07

Items	31-12-2018/2018.01-06		
	Dalian Bingshan Metal Technology Co., Ltd.	Panasonic Compressor (Dalian) Co., Ltd	Dalian Fuji Bingshan Vending Machine Co., Ltd.
Net assets calculated according to the shareholding proportions	153,323,790.22	487,527,680.97	188,949,707.05
Adjusting events			
—Goodwill	19,269,770.94		226,689.30
—Unrealized profits of insider trading			
--Others		-3,628,006.38	-918,935.60
Book value of equity investment of affiliated companies	176,739,759.29	463,919,757.20	190,978,716.55
Operating income	227,720,485.87	770,577,003.95	239,919,017.35
Financial expense			
Income tax expense			
Net profit	29,265,580.71	59,081,945.59	29,478,738.29
Total comprehensive income	29,265,580.71	59,081,945.59	29,478,738.29

(3) Summary financial information of insignificant affiliated companies

Items	30-06-2019/2019.01-06	31-12-2018/2018.01-06
Total book value of investment of affiliated companies	1,479,020,437.56	607,706,323.17
The total of following items according to the shareholding proportions		
Net profit	47,324,500.55	42,720,491.44
Other comprehensive income		
Total comprehensive income	47,324,500.55	42,720,491.44

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

None

(5) Excessive loss of affiliated companies.

None

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

None

X. Risk Related to Financial Instruments

The main financial instruments held by the group company are cash and cash in bank, accounts receivable, accounts payable, other non-current financial assets and short term loan. The

detailed explanation is referred to this notes No.VI. The related risks of these financial instruments and the risk management policy conducted to reduce these risks by the group company are introduced as below. The Group management conducts to manage and monitor these risks exposure and control these risks under certain risk level.

Objectives and policies of each risk management

The objectives of risk management conducted by the group 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 group 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,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 didn't agree any forward foreign exchange contract or currency swap contract .As at 30 June 2019, the company's assets and liabilities dominated in foreign currency are listed in RMB as following:

Items	Closing Balance	Opening balance
Monetary fund-USD	8,870,287.22	5,667,809.15
Monetary fund-EURO	35,248.65	29,231.51
Monetary fund- GBP	45,168.87	161,967.04
Monetary fund-JPY	796,516.60	2,567,812.86
Receivable- USD	41,810,114.40	38,855,616.42
Receivable - GBP	1,191,626.22	991,653.74
Receivable - JPY	5,072,841.82	4,984,342.22
Payables -USD	2,502,427.72	7,859,730.74
Payables - GBP	365,406.63	337,038.09
Payables -JPY	1,778,517.24	3,859,072.32

Dalian Refrigeration Company paid close attention to the effect on FX risk.

2) Interest rate risk

The interest risk of the Group incurred from bank loan, risk of a floating interest rate of financial liabilities that lead to the company facing cash flow interest rate risk, financial liabilities with a fixed interest rate lead to the company facing cash flow interest rate risk. The company determined the proportion of fixed interest rate and floating interest rate according the current market circumstance. The Company and Dalian Bingshan Group Co.,Ltd borrowed long term loan RMB 160,000,000.00 with fixed interest rate.

The financial department of the company 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.

The sensitive analysis:

As at 30 June 2019, base on the assumption of interest rate change of 50 BP, the Company's net profit will increase or decrease RMB 1,423.80 thousand Yuan.

3) Price risk

Dalian Refrigeration Company sells steel products according to the market price, so there will be effect on the price variance.

(2)Credit risk

The credit risk of the company 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 company's working capital 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 company made relevant policy to control credit risk exposure from receivable, other receivable and notes receivable. The company 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 company will periodically monitor the credit situation of the client and will take measures such as prompt letter, shorten credit period or cancel the credit to ensure the overall credit risk within the controllable scope.

As at 30 June 2019, the top five customers of receivable accounts balance is: 133,966,141.13 Yuan.

(3) Liquidity risk

Liquidity risk was referred to the risk of shortage of funds incurred when the enterprise fulfill 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 Company. The Company periodically analyze the liability structure and expiry date and the financial department of the company 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 provide plenty of funds.

The main fund comes from bank loan. By 30 June 2019, the credit limit still available is 391 million Yuan and short term credit limit available is 391 million Yuan.

As at 30 June 2019, the Company's financial assets and financial liabilities in line with non discount cash flow of the contracts as following: Currency unity: 10 thousand Yuan

Items	Closing balance				
	Within 1 year	1-2 years	2-5 years	Over 5 years	Total
Financial Assets					
Cash and cash in bank	23,176.66				23,176.66
Notes receivable	15,474.91				15,474.91
Accounts receivable	124,210.24				124,210.24
Other Receivable	9,226.95				9,226.95
Other non-current financial assets				30,127.03	30,127.03
Financial Liabilities					
Short-term loan	28,900.00				28,900.00
Notes Payable	30,894.24				30,894.24
Accounts payable	91,759.98				91,759.98
Other payable	7,852.18				7,852.18
Employee's payable	1,103.35				1,103.35
Tax payable	2,035.53				2,035.53
Long-term loan			16,000.00		16,000.00
Bonds payable	2,500.00				2,500.00

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			
	First level measurement of fair value	Second level measurement of fair value	Third level measurement of fair value	Total
Financial assets Continuously measured at FV available for sale				
Available for sale asset	288,278,646.80			288,278,646.80
(1) Investment by debt instruments				
(2) Investment by equity instruments	288,278,646.80			288,278,646.80
(3) Others				

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

Equity instrument portion of other non-current financial assets is measured at the unadjusted closing quoted price on stock market on June 28, 2019.

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

None.

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

None..

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. Parent company and ultimate controller

1) Parent company and ultimate controller

Parent company	Registered address	Business nature	Registered capital	Shareholding percentage (%)	Voting power percentage (%)
Dalian Bingshan Group Co., Ltd.	Dalian	Manufacture	158,580,000.00	20.27	20.27

Dalian Bingshan Group Co., Ltd. is a sino –foreign joint venture located No.888 Xinan Road, Shahekou District, Dalian, China. The legal representative of Dalian Bingshan Group Co., Ltd. is Mr. Ji Zhijian, and the registered capital is RMB158.58 million. The registered business operation period is from 3rd July 1985 to 2nd July 2035. The business scope include 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

Referring to the content in the Note IX. 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 IX. 3 ‘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
Panasonic Appliances Air-conditioning and Refrigeration (Dalian) Co., Ltd	Affiliated company of the Company
Panasonic Appliances Cold-chain (Dalian) Co., Ltd	Affiliated company of the Company
Panasonic Appliances Compressor (Dalian) Co., Ltd	Affiliated company of the Company
Dalian Honjo Chemical Co., Ltd	Affiliated company of the Company
Keinin-Grand Ocean Thermal Technology (Dalian) Co., Ltd	Affiliated company of the Company
Beijing Huashang Bingshan Refrigeration and Air-conditioning Machinery Co., Ltd	Affiliated company of the Company
Dalian Fuji Bingshan Vending Machine Co., Ltd	Affiliated company of the Company

Names of the joint ventures or affiliated company	Relationships with the Company
MHI Bingshan Refrigeration (Dalian) 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
Panasonic Refrigerating System (Dalian) Co., Ltd.	Affiliated company of the Company
Dalian Bingshan Metal Technology Co.,Ltd	Affiliated company of the Company
Wuhan Sikafu Power Control Equipment Co., Ltd	Affiliated wholly owned subsidiary of the Company

4. Other related parties

Name of related party	Related party relationship
Dalian Bingshan Group Refrigeration Equipment Co., Ltd	Affiliated company of Dalian Bingshan Group
Dalian Spindle Cooling Towers Co., Ltd	Affiliated company of Dalian Bingshan Group
BAC Dalian Co., Ltd	Affiliated company of Dalian Bingshan Group
Dalian Part Technology Co.,LTd	Subsidiary of Dalian Bingshan Group
Dalian Bingshan Group Mangement and Consulting Co.,Ltd	Subsidiary of Dalian Bingshan Group
Dalian Fuji Bingshan Intelligent Control System Co., Ltd.	Affiliated company of Subsidiary of Dalian Bingshan Group
Dalian Bingshan Huigu Development Co., Ltd.	Affiliated company of Subsidiary of Dalian Bingshan Group
Dalian Bingshan Group Huahuida Financial Leasing Co., Ltd	Affiliated company of Subsidiary of Dalian Bingshan Group

5. 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	2019.1-6	2018.1-6
Dalian Part Technology Co.,LTd	Purchases of goods	3,741,590.18	4,465,731.71
Panasonic Appliances Air-conditioning and Refrigeration (Dalian) Co., Ltd.		36,142,649.15	15,480,374.25
Panasonic Appliances Cold-chain (Dalian) Co., Ltd		23,174,161.33	33,172,331.36
Panasonic Appliances Compressor (Dalian) Co., Ltd		1,773,477.15	10,529.91
Panasonic Refrigerating System (Dalian) Co., Ltd.		10,227,269.49	9,125,437.07
Dalian Fuji Bingshan Vending Machine Co., Ltd		14,488.80	
Dalian Fuji Bingshan Vending Machine Sales Co., Ltd		0	456,410.26
Dalian Spindle Cooling Towers Co., Ltd		1,704,026.65	1,260,037.60
Dalian Honjo Chemical Co., Ltd.		0	74,102.56
BAC Dalian Co., Ltd		15,071,702.87	20,852,695.11
Dalian Bingshan Metal Technology Co., Ltd		43,155.87	196,551.73
Beijing Huashang Bingshan Refrigeration and Air-conditioning Machinery Co., Ltd		0	
Dalian Bingshan Group Refrigeration Equipment Co., Ltd		12,608,423.94	11,153,346.84
Jiangsu JingXue Insulation Technology Co.,Ltd		16,909,130.64	4,117,598.28
Dalian Bingshan Wisdom Park Co., Ltd		342,045.83	
Dalian Fuji Bingshan Intelligent Control System Co., Ltd.		0	
Dalian Kelvins Technology Technology Co., Ltd		0	
Total		121,752,121.90	100,365,146.68

1) Sales of goods/ labour services provision

Related party	Content	2019.1-6	2018.1-6
Dalian Part Technology Co.,LTd	Sales of goods	2,424,649.57	1,026,891.85
Panasonic Appliances Air-conditioning and Refrigeration (Dalian) Co., Ltd.		48,139,165.51	42,299,738.16
Panasonic Appliances Cold-chain (Dalian) Co., Ltd		73,431,383.81	81,412,904.44
Panasonic Appliances Compressor (Dalian) Co., Ltd		7,987,011.69	7,085,867.73
Panasonic Refrigerating System (Dalian) Co., Ltd.		15,372,612.19	12,374,757.92
Dalian Fuji Bingshan Vending Machine Co., Ltd		14,649,557.64	21,933,607.05
Dalian Fuji Bingshan Vending Machine Sales Co., Ltd		393,571.69	438,157.96
MHI Bingshan Refrigeration (Dalian) Co.,Ltd.		1,785,687.98	2,748,243.46
Dalian Spindle Cooling Towers Co., Ltd		146,937.92	113,024.88
Keinin-Grand Ocean Thermal Technology (Dalian) Co., Ltd.		425,682.00	417,336.00
BAC Dalian Co., Ltd		11,715,950.10	325,633.66
Beijing Huashang Bingshan Refrigeration and Air-conditioning Machinery Co., Ltd.		32,657.62	5,175,496.30
Dalian Bingshan Group Refrigeration Equipment Co., Ltd		3,803,139.47	2,917,141.96
Jiangsu JingXue Insulation Technology Co.,Ltd		70,553.57	
Wuhan Sikafu Power Control Equipment Co., Ltd		258,666.59	68,969.06

Dalian Bingshan Group Huahuida Financial Leasing Co.,LTd		412,289.70	437,692.80
Dalian Bingshan Wisdom Park Co., Ltd		47,895.48	1,393,059.76
Dalian Fuji Bingshan Intelligent Control System Co., Ltd.		22,000.00	
Total		181,119,412.53	180,168,522.99

2) Assets Lease

1) Assets rent out

Lessor	Lessee	Category of assets rent out	2019-6-30 Lease Income	2018-6-30 Lease Income
The Company	MHI Bingshan Refrigeration (Dalian) Co.,Ltd.	Plant	2,000,000.00	2,000,000.00
The Company	Dalian Bingshan Wisdom Park Co., Ltd	Office	3,722,293.19	3,717,948.50
The Company	Panasonic compressor (Dalian) Co., Ltd	Employee dormitory	45,714.28	
The Company	Panasonic Refrigeration (Dalian) Co., Ltd.	Employee dormitory	35,122.60	
The Company	Jiangsu JingXue Insulation Technology Co.,Ltd	Plant and office	493,160.97	423,031.46

Note: The Company signed rental contract with MHI Bingshan Refrigeration (Dalian) Co., Ltd., and rent # 6 workshop building located on No. 106 Liaohe East Rd, Dalian Economic and Technology Development Zone to MHI Bingshan Refrigeration (Dalian) Co., Ltd. The rental area is 15,259.04 square meters, and the rental term till 16th July, 2029. The annual rent fee for 2018 is RMB 4.2 million Yuan. In 2019, a revised agreement was signed to collect rent of 4 million yuan per year. In 2019, the rent was deducted by 875,000 yuan at one time because some projects were not used.

The Company signed rental contract with Dalian Bingshan Wisdom Park Co., Ltd., and rent out the whole land and house of the Company's old plant locating at No. 888, Southwest Road, Shahekou District, Dalian to Dalian Bingshan Wisdom Park Co., Ltd., with rental land area of 167,165.61 square meters and housing area of 105,652.43 square meters. The lease term is from April 1, 2017 to December 31, 2036. The annual rent fee for 2019 is RMB 7.86 million Yuan. Guarantee with related companies.

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.

3) Funds borrow from /lent to related party

Name of the related party	Amount	Starting date	Ending date	Explanation
Dalian Bingshan Group Co., Ltd.	160,000,000.00	2016.03.14	2026.03.13	Project fund investment

6. Balances with Related party

(1) Accounts receivable due from related parties

Item	Related party	Closing Balance		Opening Balance	
		Book Balance	Bad debt Provision	Book Balance	Bad debt Provision
Accounts receivable	BAC Dalian Co., Ltd	2,837,960.17	141,898.01	2,289,340.93	114,467.05
Accounts receivable	Beijing Huashang Bingshan Refrigeration and Air-conditioning Machinery Co., Ltd	13,083,104.73	3,924,931.42	13,484,313.93	2,194,502.13
Accounts receivable	Dalian Fuji Bingshan Vending Machine Co., Ltd.	13,894,359.19	694,717.96	6,255,865.97	312,793.30
Accounts receivable	Dalian Spindle Cooling Towers Co., Ltd	103,903.38	5,195.17	67,486.00	3,374.30
Accounts receivable	MHI Bingshan Refrigeration (Dalian) Co., Ltd.	1,835,577.52	91,778.88	2,301,963.32	115,098.17
Accounts receivable	Panasonic Refrigeration System (Dalian) Co., Ltd.	11,858,693.32	592,934.67	4,933,468.75	246,673.44
Accounts receivable	Panasonic Appliances Cold Chain (Dalian) Co., Ltd	10,552,500.47	527,625.02	20,911,809.84	1,045,590.49
Accounts receivable	Panasonic Appliances Compressor (Dalian) Co., Ltd	827,544.01	41,377.20	1,556,496.87	77,824.84
Accounts receivable	Panasonic Appliances Air-conditioning and Refrigeration (Dalian) Co., Ltd.	12,960,986.53	648,049.33	7,040,959.98	352,048.00
Accounts receivable	Wuhan Sikafu Power Control Equipment Co., Ltd	128,386.30	6,419.32	317,331.82	19,483.28

Accounts receivable	Dalian Fuji Bingshan Intelligent Control System Co., Ltd.	280,000.00	14,000.00	280,000.00	14,000.00
Accounts receivable	Dalian Bingshan Group Huahuida Financial Leasing Co.,Ltd	1,935,465.61	96,773.28	1,935,465.61	96,773.28
Accounts receivable	Dalian Bingshan Wisdom Park Co., Ltd	4,630,000.00	231,500.00	700,000.00	35,000.00
Other receivable	Wuhan Sikafu Power Control Equipment Co., Ltd	175,476.16	8,773.81	251,993.71	12,599.69
Prepayment	Jiangsu JingXue Insulation Technology Co.,Ltd	907,192.54		60,214.80	
Prepayment	Panasonic Appliances Compressor (Dalian) Co., Ltd			80.00	
Prepayment	Panasonic Appliances Air-conditioning and Refrigeration (Dalian) Co., Ltd.	530,350.00		5,052,007.00	
Prepayment	Dalian Bingshan Group Huahuida Financial Leasing Co.,Ltd	4,655,305.00		3,650,105.00	
Prepayment	Dalian Spindle Cooling Towers Co., Ltd	176,000.00			
Prepayment	BAC Dalian Co., Ltd	871,229.69			
Prepayment	Dalian Bingshan Wisdom Park Co., Ltd	187,886.00			
Notes receivable	BAC (Dalian) Co., Ltd	4,102,951.12		441,001.03	
Notes receivable	Panasonic Refrigeration System (Dalian) Co., Ltd.	4,518,622.68		4,210,388.96	
Notes receivable	Panasonic Appliances Cold Chain (Dalian) Co., Ltd	32,086,738.26		50,565,030.10	

Notes receivable	Panasonic Appliances Air-conditioning and Refrigeration (Dalian) Co., Ltd.	12,936,367.63		11,686,954.09
Notes receivable	MHI Bingshan Refrigeration (Dalian) Co.,Ltd.	589,860.00		
Notes receivable	Beijing Huashang Bingshan Refrigeration and Air-conditioning Machinery Co., Ltd	4,102,373.40		

(1) Accounts Payable due from Related Party

Item	Related party	Closing Balance	Opening Balance
Accounts Payable	BAC Dalian Co., Ltd	22,613,596.72	9,295,740.00
Accounts Payable	Dalian Bingshan Group Refrigeration Equipment Co., Ltd.	3,207,343.52	6,137,617.64
Accounts Payable	Dalian Bingshan part Technology Co.,Ltd	825,234.01	1,551,409.98
Accounts Payable	Dalian Fuji Bingshan Vending Machine Co., Ltd.	62,674.56	134,547.35
Accounts Payable	Dalian Spindle Cooling Towers Co., Ltd	4,374,436.70	2,562,898.70
Accounts Payable	Jiangsu JingXue Insulation Technology Co.,Ltd	15,871,568.38	13,774,809.38
Accounts Payable	Dalian Fuji Bingshan Intelligent Control System Co., Ltd.	295,000.00	295,000.00
Accounts Payable	Dalian Fuji Bingshan Vending Machine Sales Co., Ltd	414,000.00	414,000.00
Accounts Payable	Panasonic Refrigeration System (Dalian) Co., Ltd.	39,324,474.21	31,395,663.27
Accounts Payable	Panasonic Appliances Cold Chain (Dalian) Co., Ltd	214,435.02	3,861,712.32
Accounts Payable	Panasonic Appliances Compressor (Dalian) Co., Ltd	1,696,000.00	1,696,000.00
Accounts Payable	Panasonic Appliances Air-conditioning and Refrigeration (Dalian) Co., Ltd.	19,721,310.94	6,409,209.89
Accounts Payable	Dalian Bingshan Metal Technology Co., Ltd	115,100.45	142,587.67
Other accounts payable	Jiangsu JingXue Insulation Technology Co.,Ltd	70,000.00	
Other accounts payable	MHI Bingshan Refrigeration (Dalian) Co.,Ltd.	170,000.00	
Other accounts payable	Dalian BingshanWisdom Park Co.,Ltd	500,000.00	

Accounts Received in Advance	Panasonic Appliances Cold Chain (Dalian) Co., Ltd	829,875.04	
Accounts Received in Advance	Dalian BingshanWisdom Park Co.,Ltd	700,000.00	
Accounts Received in Advance	Wuhan Sikafu Power Control Equipment Co., Ltd	53,211.60	
Accounts Received in Advance	Panasonic Refrigeration System (Dalian) Co., Ltd.		23,267.70
Accounts Received in Advance	Keinin-Grand Ocean Thermal Technology (Dalian) Co., Ltd	59,596.18	59,596.18
Notes Payable	BAC Dalian Co., Ltd	24,920,000.00	30,200,000.00
Notes Payable	Dalian Bingshan Group Refrigeration Equipment Co., Ltd.	19,810,553.03	26,838,133.04
Notes Payable	Dalian Bingshan Pate Technology Co.,Ltd	400,000.00	2,021,735.79
Notes Payable	Jiangsu JingXue Insulation Technology Co.,Ltd	3,709,868.20	411,909.94
Notes Payable	Panasonic Appliances Cold Chain (Dalian) Co., Ltd	1,657,321.00	
Notes Payable	Dalian Spindle Cooling Towers Co., Ltd		6,256,661.88
Notes Payable	Panasonic Refrigeration System (Dalian) Co., Ltd.	2,075,770.74	8,334,675.20

(II) Related Party Commitment

None

XIII. Share-Based Payment

1. General situation of share payment

 Applicable Not applicable

2. Share payment settled by equity

 Applicable Not applicable

3. Share Payments Settled in Cash

 Applicable Not applicable

4. Modification and Termination of Share Payment

On December 10, 2018, the Company held the 25th meeting of the seventh board of directors which reviewed and approved the Proposal on terminating the implementation of 2016 Restricted Stock Incentive Plan of the Company and log outing the restricted stock.

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

XIV.

(1) Contingency

As at 30 June 2019, the Group does not have any other contingencies for disclosure.

(2) Commitment

As at 30 June 2019, the Group does not have any other significant commitments.

XV. Events after the Balance Sheet Date

1. Significant events had not adjusted

Not applicable.

2. Information about profit distribution

Not applicable.

3. Sales Return

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

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

XVI. Other Significant Events

1. Error correction and effect in previous period.

The Company has no adjustment of prior period accounting error this year.

2. Debt Restructuring

The Company has no events of debt restructuring this year.

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 Company divided the Company into 3 segments based on the geographic area: Northeast China, Central China, and East China. The Northeast is the Company's general headquarters and the registered address. The Central is the subsidiary of the Company, Wuhan New World Refrigeration Industrial Co., Ltd, Chengdu Bingshan. The East is the subsidiaries of the Company, and they are Ningbo Bingshan Air-conditioning Refrigeration Engineering Co., Ltd and Shanghai Bingshan Technical Service 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 generates revenue and incur expenses.
- 2).The management personnel can regularly evaluate the operation results of segments and allocate resource ,assess its performance .
- 3).The financial situation, operation results, cash flow and other accounting information of segments can be acquired.

The Company confirms the report segments based on the operating segments. The transfer price among segments is set base on the market price. The assets and related expenses in common use are allocated to different segments based on their proportion of revenue.

(2)The financial information of reporting segments

Amount unit : Yuan

Items	30-06-2019/2019.01-06				
	Northeast China	Central China	East China	Offset	Total
1 Operating income	1,148,452,551.71	150,700,485.95	8,643,236.09	-232,067,033.18	1,075,729,240.57
2 Cost	1,162,556,073.51	161,719,250.40	9,338,338.19	-232,067,033.18	1,101,546,628.92
Impairment on assets					

Items	30-06-2019/2019.01-06				
	Northeast China	Central China	East China	Offset	Total
Depreciation and amortization	31,233,798.77	5,809,671.04	35,400.38		37,078,870.19
3 Investment income from associates and joint venture	69,432,604.16	-669,354.03			68,763,250.13
4 Operating profits(loss)	132,490,396.86	-11,680,193.88	-749,448.66	-3,000,000.00	117,060,754.32
5 Income tax	13,985,552.64	-207,384.95	-11,561.85		13,766,605.84
6 Net profit(loss)	118,504,844.22	-11,472,808.93	-737,886.81	-3,000,000.00	103,294,148.48
7 Total assets	6,068,196,486.67	671,738,576.32	14,227,645.28	-1,150,333,264.03	5,603,829,444.24
8 Total liabilities	2,223,479,350.49	426,187,175.35	10,063,170.17	-550,671,314.75	2,109,058,381.26

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

The company 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) Accounts receivable category

Item	Closing Balance				Booking balance
	Booking balance		Provision		
	Amount	%	Amount	%	
Accounts receivable with significant individual amount and separate bad debt provision					
Accounts receivable with bad debt provision based on the characters of credit risk portfolio					
Accounting age as characters	245,593,588.69	41.37%	61,159,532.65	24.90%	184,434,056.04
Related party within consolidation scope	348,070,518.35	58.63%			348,070,518.35
Accounts receivable with					

Item	Closing Balance				Booking balance
	Booking balance		Provision		
	Amount	%	Amount	%	
insignificant individual amount and separate bad debt provision					
Total	593,664,107.04	100.00%	61,159,532.65		532,504,574.39

(Continued)

Item	Opening Balance				Booking balance
	Booking balance		Provision		
	Amount	%	Amount	%	
Accounts receivable with significant individual amount and separate bad debt provision					
Accounts receivable with bad debt provision based on the characters of credit risk portfolio					
Accounting age as characters	218,079,693.09	45.47%	60,923,442.32	27.94%	157,156,250.77
Related party within consolidation scope	261,559,395.83	54.53%			261,559,395.83
Accounts receivable with insignificant individual amount and separate bad debt provision					
Total	479,639,088.92	100.00%	60,923,442.32	12.70%	418,715,646.60

Items	Closing Balance		
	Booking balance	Provision	%
Expected credit losses within 1 year	68,588,325.16	3,429,416.26	5.00%
Expect credit losses of 1-2 years	105,418,995.76	10,541,899.58	10.00%
Expect credit losses of 2-3 years	19,212,036.10	5,763,610.83	30.00%
Expect credit losses of 3-4 years	16,969,037.24	8,484,518.62	50.00%
Expect credit losses of 4-5 years	12,325,535.34	9,860,428.27	80.00%
Expect credit losses more than 5 years	23,079,659.09	23,079,659.09	100.00%
Total	245,593,588.69	61,159,532.65	--

(1) The bad debt provisions of accounts receivable in the portfolio is accrued under accounting aging analysis method:

Aging	Closing Balance
Within 1 year	68,588,325.16
1 to 2 years	105,418,995.76
2 to 3 years	19,212,036.10
More than 3 years	52,374,231.67
3 to 4 years	16,969,037.24
4 to 5 years	12,325,535.34
More than 5 years	23,079,659.09
Total	245,593,588.69

(2) Bad debt provision accrued and reversed (withdraw)

The bad debt provision has been accrued in the amount of 2,889,548.29 Yuan.

(3) No accounts receivable written off in current period.

Item	Written off amount
Receivable actually written off	2,851,184.95

(4) The top five significant accounts receivable categorized by debtors

Company	Closing Balance	Aging	% of the total AR	Closing Balance of Provision
Xinyi Yuanda Construction and Installation Engineering Co., Ltd.	32,748,744.00	1-2 years, 2-3 years	5.52%	5,750,623.20
Ningxia Wangwa Coal	29,847,967.00	Within 1 year	5.03%	1,492,398.35
Dalian Thermal Power Co., Ltd.	22,320,000.00	Within 1 year	3.76%	1,116,000.00
SINOPEC International Business Ningbo Co., Ltd.	21,970,846.97	Within 1 year	3.70%	1,098,542.35
Guangzhou Fuli Estate Co., Ltd.	17,126,861.21	Within 1 year, 1-2 years	2.88%	856,343.06
Total	124,014,419.18		20.89%	10,313,906.96

2. Other Receivables

Item	Closing Balance	Opening Balance
Interest receivable		318,886.12
Dividend receivable	56,591,452.20	
Other receivable	5,059,293.49	13,684,383.22
Total	61,650,745.69	14,003,269.34

2.1 Interest receivable

(1) Interest receivable category

Item	Closing Balance	Opening Balance
Interest on term deposits		318,886.12
Interest on bank financial product		
Total		318,886.12

2.2 Dividend receivable

Item	Closing Balance	Opening Balance
Panasonic Refrigeration (Dalian) Co., Ltd.	4,000,000.00	
Panasonic Compressor (Dalian) Co., Ltd	45,350,000.00	
Jiangsu JingXue Insulation Technology Co.,Ltd	2,921,200.00	
Guotai Junan Securities Co., Ltd.	4,320,252.20	
Total	56,591,452.20	

2.3 Other receivable

(1) Other receivables categorized by nature

Nature	Closing Balance	Opening Balance
Equity transfer fund		8,588,400.00
Petty cash	820,821.14	23,050.50
Guarantee deposits	6,070,527.71	6,681,152.00
Others	87,338.88	87,980.00
Total	6,978,687.73	15,380,582.50

(2) Provision for bad debts

Provision for bad debts	The first phase	The second phase	The third phase	Total
	Expected credit losses in the next 12 months	Expected Credit Loss for the duration (No Credit Devaluation)	Expected Credit Loss for the duration (Credit impairment has occurred)	
Balance on January 1, 2019	1,696,199.28			1,696,199.28
The balance of January 1, 2019 in the current period	—	—	—	—
Provision for bad debts	223,194.96			223,194.96
Balance on June 30, 2019	1,919,394.24			1,919,394.24

The bad debt provisions of other receivables in the portfolio is accrued under accounting aging analysis method

Aging	Closing Balance
Within 1 year	2,747,372.73
1 to 2 years	1,261,822.00
2 to 3 years	140,928.00
More than 3 years	2,828,565.00
3 to 4 years	2,430,000.00

4 to 5 years	0
More than 5 years	398,565.00
Total	6,978,687.73

(3) Bad debt provision accrued and reversed (withdraw) in the period.

The bad debt provision has been reversed by 223,194.96 Yuan.

(4) Other receivables from the top 5 debtors

Name	Category	Closing Balance	Aging	% of the total OR	Closing Balance of Provision
Dalian Delta HK China gas Co., Ltd	Security deposit	2,730,000.00	3-4years, over 5years	39.12	1,515,000.00
Liaoning Jingwei Engineering Management Co., Ltd. Dalian Branch	Security deposit	800,000.00	1-2 years	11.46	80,000.00
China petroleum materials co. LTD	Security deposit	330,000.00	Within 1 year	4.73	16,500.00
Baotou dongsheng technology co. LTD	Security deposit	300,000.00	Within 1 year	4.30	15,000.00
Jiangxi Ganfeng Lithium Co., Ltd.	Security deposit	200,000.00	Within 1 year	2.87	10,000.00
Total		4,360,000.00		62.48	1,636,500.00

3. Long-term equity investments

(1) Category of long-term equity investments

Item	Closing Balance			Opening Balance		
	Closing Balance	Provision	Book Value	Opening Balance	Provision	Book Value
Investment of subsidiaries	587,496,652.08		587,496,652.08	587,496,652.08		587,496,652.08
Investment of affiliates and JV	1,623,763,187.90		1,623,763,187.90	1,614,457,190.34		1,614,457,190.34
Total	2,211,259,839.98		2,211,259,839.98	2,201,953,842.42		2,201,953,842.42

(2) Investments of subsidiaries

Subsidiaries names	Opening Balance	Increase	Decrease	Closing Balance
Dalian Bingshan Group Construction Co., Ltd	93,749,675.77			93,749,675.77
Dalian Bingshan Group Sales Co., Ltd	20,722,428.15			20,722,428.15
Dalian Bingshan Air-Conditioning Equipment Co., Ltd	36,506,570.00			36,506,570.00
Dalian Bingshan Guardian Automation Co., Ltd.	6,872,117.80			6,872,117.80
Dalian Bingshan Ryosetsu Quick Freezing Equipment Co., Ltd.	59,356,051.19			59,356,051.19
Dalian Universe Thermal Technology Co., Ltd.	48,287,589.78			48,287,589.78
Wuhan New World Refrigeration Industrial Co., Ltd	184,674,910.81			184,674,910.81
Bingshan Technical Service (Dalian) Co.,Ltd.	22,024,000.00			22,024,000.00
Dalian New Meica Electronics Co., Ltd.	43,766,243.72			43,766,243.72
Dalian Bingshan Engineering & Trading Co., Ltd.	71,537,064.86			71,537,064.86
Total	587,496,652.08			587,496,652.08

(3) Joint ventures& affiliated companies

Investee	Beginning balance	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 of the current period	Others		
1. Affiliated companys											
Panasonic Appliances Air-conditioning and Refrigeration (Dalian) Co., Ltd.	175,290,858.38			288,044.47			8,000,000.00			167,578,902.85	
Panasonic Appliances Cold-chain (Dalian) Co., Ltd	232,222,620.76			28,183,517.55			4,400,000.00			256,006,138.31	
Panasonic Appliances Compressor (Dalian) Co., Ltd	483,899,674.59			15,117,996.66			45,350,000.00			453,667,671.25	
Dalian Honjo Chemical Co., Ltd	8,832,597.83			381,197.74			647,634.60			8,566,160.97	
Keinin-Grand Ocean Thermal Technology (Dalian) Co., Ltd	61,750,687.77			2,485,379.54						64,236,067.31	
Beijing Huashang Bingshan Refrigeration and Air-conditioning Machinery Co., Ltd	1,268,139.59			-16,693.65						1,251,445.94	
Dalian Fuji Bingshan Vending Machine Co., Ltd	188,257,460.75			989,770.27						189,247,231.02	
MHI Bingshan Refrigeration (Dalian) Co.,Ltd.	13,783,339.36			-519,054.84						13,264,284.52	
Dalian Fuji Bingshan Vending Machine Sales Co., Ltd	13,774,267.89			-352,953.45						13,421,314.44	
Jiangsu JingXue Insulation Technology Co.,Ltd	174,966,773.04			9,607,307.14			2,921,200.00			181,652,880.18	
Panasonic Refrigeration System (Dalian) Co., Ltd.	30,721,588.82			2,397,347.27			2,284,000.00			30,834,936.09	
Bingshan Metal Technical Service (Dalian) Co.,Ltd.	172,593,561.16			15,097,772.32						187,691,333.48	
Dalian Bingshan Group Mangement and Consulting Company	57,095,620.40			-750,798.86						56,344,821.54	
Total	1,614,457,190.34			72,908,832.16			63,602,834.60			1,623,763,187.90	

4. Operating revenue and cost

Item	2019.01-06		2018.01-06	
	Revenue	Cost	Revenue	Cost
Revenue from main operation	304,851,204.51	262,956,736.05	289,931,982.40	253,608,635.31
Revenue from other operation	20,505,068.81	13,936,660.77	13,114,752.79	7,124,916.72
Total	325,356,273.32	276,893,396.82	303,046,735.19	260,733,552.03

5. Investment income

Items	2019.01-06	2018.01-06
Income from long-term equity investments under cost method	3,000,000.00	6,403,324.73
Income from long-term equity investments under equity method	72,908,832.16	56,407,982.41
Income from holding of financial assets available for sale	4,320,252.20	11,139,558.00
Income from disposing available for sale financial investments	40,567,691.40	
Income from disposing long-term share equity investments		
Total	120,796,775.76	73,950,865.14

XVIII. Supplementary Information to the Financial Statements

1. Non-operating profit or loss

item	Amount
Disposal gains and losses of non-current asset	1,227,672.74
Government subsidies included in current profit or loss	1,815,838.84
Debt restructuring gains and losses	1,999,241.94
Income from changes in fair value during the period of holding financial assets available for sale and income from disposal of financial assets available for sale	81,028,816.99
Other non-operating revenue or expense	29,206.25
Influence on income tax	12,949,627.58
Influence on minority shareholders	39,408.85
Total	73,111,740.33

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	3.16	0.127	0.127
Net profit after deducting non-recurring gains and losses attributable to shareholders of parent company	1.03	0.041	0.041

Section 11 Reference Documents

1. The accounting statements bearing the signatures and seals of the legal representative, the financial majordomo and the accountants in charge.
2. The original copies of all the Company's documents and the original copies of the bulletins published on the newspapers designated by the China Securities Regulatory Commission in the report period.
3. Time for reference: from Monday to Friday 8:00 - 11:30 (am) 1:00 - 4:30 (pm)
Liaison persons: Mr. Song Wenbao, Ms Du Yu
Tel: 0086-411-87968130
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Board of Directors of Dalian Refrigeration Co., Ltd.

24, August, 2019