

DALIAN REFRIGERATION CO., LTD.

QUARTERLY REPORT FOR FIRST QUARTER, 2017

§1 Important Notes

1.1 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 no any important omissions, fictitious statements or serious misleading carried in this report, and shall take all responsibilities, individual and/or joint, for the reality, accuracy and completeness of the whole contents.

1.2 All the directors have attended this Board meeting of the Company except Mr Takagi Toshiyuki.

1.3 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 quarterly report is true and complete.

1.4 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.

§2 Company Profile

2.1 Major accounting data and financial indexes

	January-March, 2017	January-March, 2016	Increase/decrease over the same period of last year
Total operating income	474,819,352.69	400,592,922.66	18.53%
Net profit attributable to shareholders of listed companies	33,297,454.56	25,527,518.21	30.44%
Net profit attributable to shareholders of listed companies after deducting non-recurring gains/losses	32,797,617.05	25,497,476.68	28.63%
Net cash generated from operating activities	-137,117,775.57	-89,736,770.51	-52.80%
Basic earnings per share	0.05	0.05	0.00%
Diluted earnings per share	0.05	0.05	0.00%
Return on equity	1.02%	0.96%	Increase 0.06 percentage points
	March 31, 2017	December 31, 2016	Increase/decrease over the end of last year
Total assets	4,994,298,464.88	4,983,511,574.26	0.22%
Owner's equity attributable to shareholders of listed companies	3,275,951,495.82	3,247,797,768.92	0.87%

Item of non-recurring gains and losses	Amount from beginning of year to the end of report period
Disposal gains and losses of non-current asset	72,310.71
Government subsidies included in current profit or loss	355,000.00
Other operating revenue or expense	174,229.94
Income tax effect	107,497.41
Minority shareholders' gains and losses	-5,794.27
Total	499,837.51

2.2 Total number and particulars of the shareholders by the end of the report period

Total shareholders at the end of report period		41,152			
Shareholding of top ten shareholders					
Name	Nature	Proportion	Total number	Number of shares with sale restriction	Number of pledged shares or shares frozen
Dalian Bingshan Group Co., Ltd.	Domestic non-state-owned legal person	19.96%	122,083,524	0	
SANYO ELECTRIC CO LTD	Foreign legal person	8.58%	52,502,250	0	
Zheshang Juchao New thinking hybrid securities investment fund	Others	1.77%	10,820,256	0	
Industrial Securities Gold Kylin 2 Aggregate asset management plan	Others	1.67%	10,229,236	7,280,081	
National Social Security Funds 104 Portfolio	Others	1.32%	8,100,000	5,864,510	
National Social Security Funds 503 Portfolio	Others	0.96%	5,864,510	5,864,510	
Caitong Capital Kunze No. 2 Securities vInestment Fund	Others	0.96%	5,864,509	5,864,509	
Shenzhen B & D Capital Fengnian Jinjia No. 1 Fund	Others	0.96%	5,864,509	5,864,509	
Lin Zhenming	Foreign natural person	0.72%	4,450,000	0	
Zheshang Juchao industry grow hybrid securities investment fund	Others	0.64%	3,932,595	0	
Particulars about shares held by the top ten negotiable shareholders not subject to conditional sales					
Name of shareholder			EORP (shares)	Type	
Dalian Bingshan Group Co., Ltd.			122,083,524	A	
SANYO ELECTRIC CO LTD			52,502,250	B	
Zheshang Juchao New thinking hybrid securities investment fund			10,820,256	A	
Lin Zhenming			4,450,000	B	
Zheshang Juchao industry grow hybrid securities investment fund			3,932,595	A	
Sun Huiming			3,724,449	B	
BOIC SECURITIES LIMITED			3,162,744	B	
Wu An			3,110,036	B	
Industrial and Commercial Bank of -Peng Hua reform dividend equity securities investment fund			3,000,000	A	
Industrial Securities Gold Kylin 2 Aggregate asset management plan			2,949,155	A	
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.		

§3 Important Matters

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

Applicable Inapplicable

1. Accounts in advance increased significantly compared with the year-beginning, mainly due to the increase in equipments in advance in the period.
2. Other current assets decreased significantly compared with the year-beginning, mainly due to the decrease in value added tax and income tax of the accrued trade in allowance that the taxes payable transferred.
3. Employee compensation payable decreased significantly compared with the year-beginning, mainly due to in the period the payment of provision employee compensation of last period-end.
4. Financial expense decreased significantly y-o-y, mainly due to the reduction in interest income in the period.
5. Investment income increased significantly y-o-y, mainly due to the cash dividend 11.15 million from Guotai Junan.
6. Net cash from operating activities decreased significantly y-o-y, mainly due to the increase in cash paid for purchasing commodities and receiving labor service.
7. Net cash flow from investing activities reduced significantly y-o-y, mainly due to the increase in the investment in cash 39.20 million to the Dalian Bingshan Group Management Consulting Co., Ltd.
8. Net cash flow from financing activities decreased significantly y-o-y, mainly due to the Company receiving of special fund of China Development Fund the last year.

3.2 Important Progress and the analysis of the influence and solution

Applicable Inapplicable

3.3 Commitments of the Company or its shareholders , actual controller and other related parties in the reporting period or carried to the reporting period

Applicable Inapplicable

3.4 Precautions on forecasting that by the beginning of year till the end of the next report period, the accumulated net profit may be turned into loss or change greatly compared with that in the same period of the last year, and description of the cause

Applicable Inapplicable

3.5 The securities investment

Applicable Inapplicable

3.6 Derivative investment

Applicable Inapplicable

3.7 Table of investigation, communication, interview received

Receiving time	Way of receiving	Received object type	Basic situation index
Jan. 03, 2017	Field investigation	Institution	http://irm.cninfo.com.cn/ssessgs/S000530
Jan.04, 2017	Take part in China international capital corporation New technology BBS	Institution	http://irm.cninfo.com.cn/ssessgs/S000530
Jan. 12, 2017	Field investigation	Institution	http://irm.cninfo.com.cn/ssessgs/S000530
Jan. 18, 2017	Field investigation	Institution	http://irm.cninfo.com.cn/ssessgs/S000530
Jan. 19, 2017	Field investigation	Institution	http://irm.cninfo.com.cn/ssessgs/S000530
Mar.08,2017	Field investigation	Institution	http://irm.cninfo.com.cn/ssessgs/S000530
Mar.09,2017	Field investigation	Institution	http://irm.cninfo.com.cn/ssessgs/S000530

3.8 Violation of external guaranty

Applicable Inapplicable

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

Applicable Inapplicable

§4 Financial Report (attached)

Not audited.

Board of Directors of Dalian Refrigeration Co., Ltd.

April 21, 2017

BALANCE SHEET

Prepared by Dalian Refrigeration Co., Ltd.

March 31, 2017

Unit: RMB Yuan

Assets	31-Mar-2017		31-Dec-2016	
	Consolidation	Parent Company	Consolidation	Parent Company
Current assets:				
Monetary funds	487,433,249.05	376,837,939.08	679,724,805.76	496,417,106.54
Financial assets which are measured by fair value and which changes are recorded in current profit and loss				
Derivative financial assets				
Notes receivable	129,785,323.88	84,812,372.59	130,426,225.74	90,509,540.07
Accounts receivable	844,972,869.56	142,678,685.68	759,053,298.97	117,575,405.74
Accounts in advance	125,620,052.95	109,751,666.10	95,141,043.96	96,269,883.15
Interest receivables			723,955.56	723,955.56
Dividend receivable			39,025.00	
Other receivables	59,566,880.29	5,850,462.94	52,982,713.89	4,368,505.07
Inventories	369,964,744.39	179,658,898.46	323,863,067.48	151,230,744.47
Assets held for sale				
Non-current asset due within one year				
Other current assets	26,621,939.66	19,246,943.70	40,470,210.65	30,563,139.06
Total current assets	2,043,965,059.78	918,836,968.55	2,082,424,347.01	987,658,279.66
Non-current assets:				
Finance asset held available for sales	535,841,492.34	534,526,349.84	545,565,116.64	544,249,974.14
Held-to-maturity investment				
Long-term account receivable				
Long-term equity investment	1,369,475,462.66	1,773,146,647.54	1,309,741,316.21	1,713,412,501.09
Investment property	28,422,582.14	28,422,582.14	28,605,652.94	28,605,652.94
Fixed assets	508,870,947.30	284,413,081.62	509,422,197.88	274,262,264.28
Construction in progress	321,996,478.82	311,689,454.87	321,646,676.78	320,329,247.78
Engineering material				
Disposal of fixed asset				
Productive biological asset				
Oil and gas asset				
Intangible assets	154,656,038.54	88,504,364.11	154,714,212.52	88,113,279.88
Expense on Research and Development				
Goodwill	1,750,799.49		1,750,799.49	
Long-term expenses to be apportioned	4,435,257.31	3,410,869.34	4,448,719.77	3,658,276.80
Deferred income tax asset	24,884,346.50	6,403,008.03	25,192,535.02	6,751,619.50
Other non-current asset				
Total non-current asset	2,950,333,405.10	3,030,516,357.49	2,901,087,227.25	2,979,382,816.41
Total assets	4,994,298,464.88	3,949,353,326.04	4,983,511,574.26	3,967,041,096.07

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

BALANCE SHEET (CONTINUED)

Prepared by Dalian Refrigeration Co., Ltd.

March 31, 2017

Unit: RMB Yuan

Liabilities and shareholders' equity	31-Mar-2017		31-Dec-2016	
	Consolidation	Parent Company	Consolidation	Parent Company
Current liabilities:				
Short-term loans	45,000,000.00		45,000,000.00	
Derivative financial liabilities				
Notes payable	183,822,731.78	106,828,117.52	179,378,767.96	85,834,371.87
Accounts payable	882,550,983.30	302,144,680.65	839,079,506.68	340,987,669.38
Accounts received in advance	101,058,752.60	37,585,659.39	136,231,829.62	74,949,113.25
Wage payable	24,762,134.09	1,700,979.68	49,117,130.73	9,796,460.53
Taxes payable	14,137,565.62	795,267.08	18,114,263.03	1,234,137.19
Interest payable				
Dividend payable	863,516.60	533,156.00	863,516.60	533,156.00
Other accounts payable	104,906,158.36	77,968,026.54	105,262,888.56	74,954,775.74
Liabilities held for sale				
Non-current liabilities due within one year				
Other current liabilities				
Total current liabilities	1,357,101,842.35	527,555,886.86	1,373,047,903.18	588,289,683.96
Non-current liabilities:				
Long-term loans	160,000,000.00	160,000,000.00	160,000,000.00	160,000,000.00
Bonds payable				
Long-term account payable				
Long-term wage payable				
Deferred income	56,980,202.00	12,698,701.00	57,396,619.00	12,836,619.00
Deferred income tax liabilities	74,225,138.31	74,225,138.31	75,683,681.95	75,683,681.95
Other non-current liabilities				
Total non-current liabilities	291,205,340.31	246,923,839.31	293,080,300.95	248,520,300.95
Total liabilities	1,648,307,182.66	774,479,726.17	1,666,128,204.13	836,809,984.91
Shareholders' equity				
Share capital	611,776,558.00	611,776,558.00	611,776,558.00	611,776,558.00
Other equity instruments				
Capital public reserve	1,025,808,127.25	1,039,236,514.54	1,022,686,774.25	1,036,115,161.54
Less: Treasury stock	67,615,856.00	67,615,856.00	67,615,856.00	67,615,856.00
Other comprehensive income	423,374,242.86	422,148,476.11	431,639,323.52	430,413,556.77
Special preparation				
Surplus public reserve	620,578,847.52	620,578,847.52	620,578,847.52	620,578,847.52
Retained profit	662,029,576.19	548,749,059.70	628,732,121.63	498,962,843.33
Translation of foreign currency capital				
Total owner's equity attributable to parent company	3,275,951,495.82	3,174,873,599.87	3,247,797,768.92	3,130,231,111.16
Minority interests	70,039,786.40		69,585,601.21	
Total owner's equity	3,345,991,282.22	3,174,873,599.87	3,317,383,370.13	3,130,231,111.16
Total liabilities and shareholder's equity	4,994,298,464.88	3,949,353,326.04	4,983,511,574.26	3,967,041,096.07

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-March, 2017

Unit: RMB Yuan

Items	January-March, 2017		January-March, 2016	
	Consolidation	Parent Company	Consolidation	Parent Company
I. Total sales	474,819,352.69	191,248,157.66	400,592,922.66	115,257,669.44
Including: Operating income	474,819,352.69	191,248,157.66	400,592,922.66	115,257,669.44
II. Total operating cost	471,384,913.21	190,640,540.70	398,206,658.93	113,475,549.87
Including: Operating cost	402,792,585.16	166,603,901.44	333,650,668.53	94,264,744.26
Taxes and associate charges	3,075,268.64	1,649,780.92	2,902,901.06	7,097.13
Selling and distribution expenses	18,242,995.92	652,777.41	17,501,000.87	607,607.24
Administrative expenses	48,547,762.05	23,933,429.36	47,439,360.72	24,185,343.28
Financial expense	426,919.78	124,728.04	1,380,437.76	-226,882.57
Impairment loss	-1,700,618.34	-2,324,076.47	-4,667,710.01	-5,362,359.47
Add: Gain/(loss) from change in fair value				
Gain/(loss) from investment	31,687,715.50	49,316,482.17	24,957,721.61	24,957,721.61
Including: income from investment on affiliated enterprise and jointly enterprise	20,534,146.45	20,534,146.45	24,647,721.61	24,647,721.61
III. Operating profit	35,122,154.98	49,924,099.13	27,343,985.34	26,739,841.18
Add: non-business income	1,037,799.89	210,728.71	484,226.19	156,552.57
Including: profit from non-current asset disposal	72,310.71	72,310.71	64,284.56	18,634.56
Less: non-business expense	19,842.24		22,667.47	4,974.62
Including: loss from non-current asset disposal			5,319.37	4,974.62
IV. Total profit	36,140,112.63	50,134,827.84	27,805,544.06	26,891,419.13
Less: Income tax	2,388,472.88	348,611.47	2,239,323.88	1,512,936.68
V. Net profit	33,751,639.75	49,786,216.37	25,566,220.18	25,378,482.45
Net profit attributable to parent company	33,297,454.56	49,786,216.37	25,527,518.21	25,378,482.45
Minority shareholders' gains and losses	454,185.19		38,701.97	
VI. After-tax net amount of other comprehensive incomes	-8,265,080.66	-8,265,080.66	-107,197,214.54	-107,197,214.54
After-tax net amount of other comprehensive incomes attributable to owners of the Company	-8,265,080.66	-8,265,080.66	-107,197,214.54	-107,197,214.54
(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 investees that cannot be reclassified into gains and losses under the equity method				
.....				
(II) Other comprehensive incomes that will be reclassified into gains and losses	-8,265,080.66	-8,265,080.66	-107,197,214.54	-107,197,214.54
1. Enjoyable shares in other comprehensive incomes in investees that will be reclassified into gains and losses under the equity method				
2. Gains and losses on fair value changes of available-for-sale financial assets	-8,265,080.66	-8,265,080.66	-107,197,214.54	-107,197,214.54
3. Gains and losses on reclassifying held-to-maturity investments into available-for-sale financial assets				
4. Effective hedging gains and losses on cash flows				
5. Foreign-currency financial statement				

translation difference				
6. Other				
.....				
After-tax net amount of other comprehensive incomes attributable to minority shareholders				
VII Total comprehensive income	25,486,559.09	41,521,135.71	-81,630,994.36	-81,818,732.09
Total comprehensive income attributable to parent company	25,032,373.90	41,521,135.71	-81,669,696.33	-81,818,732.09
Total comprehensive income attributable to minority shareholders	454,185.19		38,701.97	
VIII. Earnings per share				
(I) basic earnings per share	0.05		0.05	
(II) diluted earnings per share	0.05		0.05	

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 -March, 2017

Unit: RMB Yuan

Items	January -March, 2017		January -March, 2016	
	Consolidation	Parent Company	Consolidation	Parent Company
I. Cash flows arising from operating activities:				
Cash received from selling commodities and providing labor services	280,438,062.58	76,710,267.43	259,550,611.17	57,386,660.38
Write-back of tax received	754,366.35		18,706.02	
Other cash received concerning operating activities	7,875,745.52	1,574,756.48	5,101,358.38	1,872,927.46
Subtotal of cash inflow arising from operating activities	289,068,174.45	78,285,023.91	264,670,675.57	59,259,587.84
Cash paid for purchasing commodities and receiving labor service	273,874,359.36	115,453,705.91	205,022,168.61	62,407,122.34
Cash paid to/for staff and workers	102,705,440.26	40,953,327.52	93,063,640.59	37,869,910.32
Taxes paid	18,961,171.48	2,164,084.70	19,094,299.33	3,224,168.93
Other cash paid concerning operating activities	30,644,978.92	2,660,805.51	37,227,337.55	15,124,172.44
Subtotal of cash outflow arising from operating activities	426,185,950.02	161,231,923.64	354,407,446.08	118,625,374.03
Net cash flows arising from operating activities	-137,117,775.57	-82,946,899.73	-89,736,770.51	-59,365,786.19
II. Cash flows arising from investing activities:				
Cash received from recovering investment				
Cash received from investment income	11,192,594.05	21,153,569.05	44,600.00	
Net cash received from disposal of fixed, intangible and other long-term assets	120,520.00		43,040.00	43,000.00
Net cash received from disposal of subsidiaries and other units				
Other cash received concerning investing activities				
Subtotal of cash inflow from investing activities	11,313,114.05	21,153,569.05	87,640.00	43,000.00
Cash paid for purchasing fixed, intangible and other long-term assets	24,831,200.35	18,105,516.46	38,795,973.03	33,240,785.00
Cash paid for investment	39,200,000.00	39,200,000.00		
Net cash received from payment of subsidiaries and other business units				
Other cash paid concerning investing activities				
Subtotal of cash outflow from investing activities	64,031,200.35	57,305,516.46	38,795,973.03	33,240,785.00
Net cash flows arising from investing activities	-52,718,086.30	-36,151,947.41	-38,708,333.03	-33,197,785.00
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	22,500,000.00		178,150,000.00	160,000,000.00
Other cash received concerning financing activities	21,576,815.56		23,110,827.68	1,920,332.73
Subtotal of cash inflow from financing activities	44,076,815.56		201,260,827.68	161,920,332.73

Cash paid for settling debts	24,000,000.00		17,751,087.50	
Cash paid for dividend and profit distributing or interest paying	1,123,770.83	480,000.00	1,179,397.92	307,318.34
Including: dividends or profit paid by subsidiaries to minority shareholders				
Other cash paid concerning financing activities	11,632,035.91		4,924,665.45	3,430,000.00
Subtotal of cash outflow from financing activities	36,755,806.74	480,000.00	23,855,150.87	3,737,318.34
Net cash flows arising from financing activities	7,321,008.82	-480,000.00	177,405,676.81	158,183,014.39
IV. Influence on cash due to fluctuation in exchange rate	168,075.99	-320.32	4,105.12	1,000.65
V. Net increase of cash and cash equivalents	-182,346,777.06	-119,579,167.46	48,964,678.39	65,620,443.85
Add: Balance of cash and cash equivalents at the period -begin	655,747,990.20	495,217,106.54	221,724,134.60	147,439,134.15
VI. Balance of cash and cash equivalents at the period-end	473,401,213.14	375,637,939.08	270,688,812.99	213,059,578.00

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