



Dalian Refrigeration Co., Ltd.

**QUARTERLY REPORT FOR FIRST QUARTER,
2018**

DALIAN REFRIGERATION CO., LTD.

QUARTERLY REPORT FOR FIRST QUARTER, 2018

§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.

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, 2018	January-March, 2017		Increase/decrease compared with previous year
		Before adjustment	After adjustment	After adjustment
Operating revenue	515,183,744.97	474,819,352.69	504,654,807.75	2.09%
Net profit attributable to shareholders of listed companies	25,593,358.53	33,297,454.56	34,979,790.84	-26.83%
Net profit belonging to the shareholders of listed companies after the deduction of non-recurring profit and loss	24,307,838.37	32,797,617.05	34,254,953.33	-29.04%
Net cash flow from operating activities	-117,217,303.00	-137,117,775.57	-157,927,050.15	25.78%
Basic earnings per share	0.03	0.05	0.04	-25.00%
Diluted earnings per share	0.03	0.05	0.04	-25.00%
Weighted average return on net asset yield	0.75%	1.02%	1.05%	Decrease 0.30 percentage points
	March 31, 2018	December 31, 2017		Increase/decrease compared with previous year
		Before adjustment	After adjustment	After adjustment
Total assets	5,430,876,897.88	4,994,298,464.88	5,619,621,500.67	-3.36%
Owner's equity attributable to shareholders of listed companies	3,409,943,829.36	3,275,951,495.82	3,416,531,064.91	-0.19%

Note 1: Net profit attributable to parent company decreased significantly y-o-y, mainly due to the cash dividend 11.15 million from Guotai Junan last period. After deducting the cash dividend effect from Guotai Junan, the net profit attributable to parent company increased 7.39% y-o-y.

Note 2: Guotai Junan disclosed 2017 Profit Distribution Preplan on March 30, 2018. The dividend of RMB 4.0 in cash (including tax) will be distributed for every 10 shares. If the above mentioned 2017 Profit Distribution Preplan approved by 2017 shareholders' general meeting of Guotai Junan, the Company would share a cash dividend of 10.84 million according to the 27,098,895 shares of Guotai Junan currently held by the Company.

non-recurring gains and losses

√ Applicable □ Inapplicable

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	15,166.64
Government subsidies included in current profit or loss	500,600.00
The cost of investment that the Company acquiring subsidiary, the associated and the joint venture are less than the book net assets of the invested entity	1,068,246.27
Other operating revenue or expense	-3,853.64
Income tax effect	266,873.53
Minority shareholders' gains and losses	27,765.58
Total	1,285,520.16

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

Total shareholders at the end of report period		51,354			
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	19.97%	170,916,934	0	
SANYO ELECTRIC CO LTD	Foreign legal person	8.59%	73,503,150	0	
Huatai securities Co. LTD.	Domestic non-state-owned legal person	0.89%	7,630,001	0	
Lin Zhenming	Foreign natural person	0.73%	6,280,000	0	
JOHCM INTERNATIONAL SMALL CAP EQUITY FUND	Overseas legal person	0.63%	5,432,942	0	
Wu An	Domestic natural person	0.61%	5,187,230	0	
Industrial Securities Gold Kylin 2 Aggregate asset management plan	Others	0.60%	5,101,286	0	
Sun Huiming	Domestic natural person	0.51%	4,384,079	0	
Caitong Capital Kunze No. 2 Securities Investment Fund	Others	0.48%	4,114,534	0	
National Social Security Funds 104 Portfolio	Others	0.48%	4,105,157	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.			170,916,934	A	
SANYO ELECTRIC CO LTD			73,503,150	B	
Huatai securities Co. LTD.			7,630,001	A	
Lin Zhenming			6,280,000	B	
JOHCM INTERNATIONAL SMALL CAP EQUITY FUND			5,432,942	B	
Wu An			5,187,230	B	
Industrial Securities Gold Kylin 2 Aggregate asset management plan			5,101,286	A	
Sun Huiming			4,384,079	B	
Caitong Capital Kunze No. 2 Securities Investment Fund			4,114,534	A	
National Social Security Funds 104 Portfolio			4,105,157	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. Monetary fund decreased significantly compared with the year-beginning, mainly due to fund-raise capital from privately offering of A-share decreased after payment for fund-raised projects.
2. Interest receivable decreased significantly compared with the year-beginning, mainly due to the accrual of interest on CDs expired partly.
3. Other current assets decreased significantly compared with the year-beginning, mainly due to the bank financial product investment of 76 million expired and took back.
4. Payment in advance decreased significantly compared with the year-beginning, mainly due to the advance payment transferring income.
5. Employee compensation payable decreased significantly compared with the year-beginning, mainly due to the payment of provision employee compensation of last period-end during the reporting period.
6. Tax payable decreased significantly compared with the year-beginning, mainly due to the decrease of VAT payable and income tax payable.
7. Taxes and surcharge increased significantly y-o-y, mainly due to the increase of paying VAT attached.
8. Financial expense increased significantly y-o-y, mainly due to the credit loan increase, and increase in interest income accordingly during the reporting period.
9. Investment income decreased significantly y-o-y, mainly due to the cash dividend 11.15 million from Guotai Junan last period.
10. Net cash flow from investing activities increased significantly y-o-y, mainly due to the bank financial product investment of 76 million expired and took back, and the investment in cash 39.20 million to the Dalian Bingshan Group Management Consulting Co., Ltd. during last period.
11. Net cash flow from financing activities decreased significantly y-o-y, mainly due to the Company receiving less bank loan during the reporting period.

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

Type of securities	Stock Code	Short Form of the Stock	Initial cost of investment	Number of initial holdings	Proportion of initial holdings	Number of final holdings	Proportion of final holdings	Final Book value	Gain/(loss) during reporting period	Financial accounting subject	Stock sources
Stock	601211	Guotai Junan	27,098,895.00	27,098,895	0.31%	27,098,895	0.31%	462,307,148.70	0.00	Finance asset held available for sales	legal persons investment
Total			27,098,895.00	27,098,895	--	27,098,895	--	462,307,148.70	0.00	--	--

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. 10, 2018	Field investigation	Institution	http://irm.cninfo.com.cn/ssessgs/S000530
Jan.19, 2018	Field investigation	Institution	http://irm.cninfo.com.cn/ssessgs/S000530
Jan. 25, 2018	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 20, 2018

BALANCE SHEET

Prepared by Dalian Refrigeration Co., Ltd.

March 31, 2018

Unit: RMB Yuan

Assets	31-Mar-2018		31-Dec-2017	
	Consolidation	Parent Company	Consolidation	Parent Company
Current assets:				
Monetary funds	257,172,342.88	166,665,706.29	394,809,694.11	234,655,092.14
Financial assets which are measured by fair value and which changes are recorded in current profit and loss				
Derivative financial assets				
Notes receivable	144,227,877.24	50,566,832.08	172,818,176.20	57,455,446.82
Accounts receivable	1,034,078,842.91	385,438,437.78	1,036,255,895.79	356,557,956.93
Accounts in advance	180,433,896.83	62,078,894.99	140,808,375.21	33,125,666.30
Interest receivables	950,000.00	950,000.00	1,871,783.33	1,871,783.33
Dividend receivable			33,450.00	
Other receivables	62,117,615.34	2,894,936.01	52,049,009.83	2,822,798.03
Inventories	394,353,577.03	148,445,182.43	352,279,664.64	149,549,915.80
Assets held for sale				
Non-current asset due within one year				
Other current assets	29,129,086.07	17,015,411.27	114,907,269.33	102,402,409.84
Total current assets	2,102,463,238.30	834,055,400.85	2,265,833,318.44	938,441,069.19
Non-current assets:				
Finance asset held available for sales	476,318,807.29	474,903,664.79	515,783,193.99	514,468,051.49
Held-to-maturity investment				
Long-term account receivable				
Long-term equity investment	1,583,455,140.69	2,065,724,740.44	1,568,255,738.12	2,044,438,551.88
Investment property	103,467,573.19	114,441,301.36	103,861,275.27	114,812,363.92
Fixed assets	882,325,113.17	650,437,056.88	890,874,647.40	658,637,271.68
Construction in progress	83,555,824.15	80,307,439.72	82,999,382.90	80,314,961.09
Engineering material				
Disposal of fixed asset				
Productive biological asset				
Oil and gas asset				
Intangible assets	151,328,375.26	71,050,325.15	143,918,516.87	71,715,598.15
Expense on Research and Development				
Goodwill	1,750,799.49		1,750,799.49	
Long-term expenses to be apportioned	14,123,859.38	12,364,360.62	14,431,131.01	12,737,555.16
Deferred income tax asset	32,088,166.96	5,375,507.65	31,913,497.18	5,815,160.93
Other non-current asset				
Total non-current asset	3,328,413,659.58	3,474,604,396.61	3,353,788,182.23	3,502,939,514.30
Total assets	5,430,876,897.88	4,308,659,797.46	5,619,621,500.67	4,441,380,583.49

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, 2018

Unit: RMB Yuan

Liabilities and shareholders' equity	31-Mar-2018		31-Dec-2017	
	Consolidation	Parent Company	Consolidation	Parent Company
Current liabilities:				
Short-term loans	340,000,000.00	260,000,000.00	349,801,300.00	260,000,000.00
Derivative financial liabilities				
Notes payable	238,017,851.35	117,676,094.60	260,443,167.67	119,034,784.44
Accounts payable	852,903,152.80	337,843,695.85	889,964,317.63	385,076,569.09
Accounts received in advance	82,488,841.84	10,012,680.37	147,172,195.05	61,450,463.91
Wage payable	17,626,155.71	1,414,295.52	46,751,562.36	11,445,665.15
Taxes payable	13,819,148.03	1,200,505.01	29,992,558.62	1,274,710.89
Interest payable			379,085.53	379,085.53
Dividend payable	863,516.60	533,156.00	863,516.60	533,156.00
Other accounts payable	62,967,964.22	28,163,158.62	67,674,829.07	30,346,173.96
Liabilities held for sale				
Non-current liabilities due within one year				
Other current liabilities				
Total current liabilities	1,608,686,630.55	756,843,585.97	1,793,042,532.53	869,540,608.97
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	99,108,953.55	55,941,452.55	100,336,504.07	56,890,504.07
Deferred income tax liabilities	65,494,908.31	65,494,908.31	71,429,566.31	71,429,566.31
Other non-current liabilities				
Total non-current liabilities	324,603,861.86	281,436,360.86	331,766,070.38	288,320,070.38
Total liabilities	1,933,290,492.41	1,038,279,946.83	2,124,808,602.91	1,157,860,679.35
Shareholders' equity				
Share capital	855,908,981.00	855,908,981.00	856,487,181.00	856,487,181.00
Other equity instruments				
Capital public reserve	757,280,151.56	801,782,246.39	757,532,081.34	802,034,176.17
Less: Treasury stock	21,026,106.00	21,026,106.00	23,305,370.40	23,305,370.40
Other comprehensive income	373,639,273.41	372,677,172.74	407,269,002.11	406,306,901.44
Special preparation				
Surplus public reserve	668,150,375.30	668,150,375.30	668,150,375.30	668,150,375.30
Retained profit	775,991,154.09	592,887,181.20	750,397,795.56	573,846,640.63
Translation of foreign currency capital				
Total owner's equity attributable to parent company	3,409,943,829.36	3,270,379,850.63	3,416,531,064.91	3,283,519,904.14
Minority interests	87,642,576.11		78,281,832.85	
Total owner's equity	3,497,586,405.47	3,270,379,850.63	3,494,812,897.76	3,283,519,904.14
Total liabilities and shareholder's equity	5,430,876,897.88	4,308,659,797.46	5,619,621,500.67	4,441,380,583.49

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, 2018 Unit: RMB Yuan

Items	January-March, 2018		January-March, 2017	
	Consolidation	Parent Company	Consolidation	Parent Company
I. Total sales	515,183,744.97	180,020,669.02	504,654,807.75	191,248,157.66
Including: Operating income	515,183,744.97	180,020,669.02	504,654,807.75	191,248,157.66
II. Total operating cost	509,898,926.11	182,066,309.20	499,031,473.17	190,640,540.70
Including: Operating cost	423,905,884.12	159,122,415.64	423,056,262.70	166,603,901.44
Taxes and associate charges	4,569,447.66	2,298,420.18	3,075,268.64	1,649,780.92
Selling and distribution expenses	23,648,268.09	226,199.11	20,316,993.53	652,777.41
Administrative expenses	53,442,807.95	23,204,575.05	53,404,451.03	23,933,429.36
Financial expense	5,199,059.85	1,594,855.68	879,115.61	124,728.04
Impairment loss	-866,541.56	-4,380,156.46	-1,700,618.34	-2,324,076.47
Add: Gain/(loss) from change in fair value				
Gain/(loss) from investment	21,067,648.84	21,586,188.56	31,503,380.46	48,868,481.05
Including: income from investment on affiliated enterprise and jointly enterprise	20,767,648.84	21,286,188.56	20,086,145.33	20,086,145.33
Gain/(loss) from asset disposal	15,166.64	19,145.40	72,310.71	72,310.71
Other income	328,499.15			
III. Operating profit	26,696,133.49	19,559,693.78	37,199,025.75	49,548,408.72
Add: non-business income	1,685,340.09	500.07	1,265,489.18	138,418.00
Less: non-business expense	120,347.46	80,000.00	19,842.24	
IV. Total profit	28,261,126.12	19,480,193.85	38,444,672.69	49,686,826.72
Less: Income tax	2,589,476.69	439,653.28	3,010,696.66	348,611.47
V. Net profit	25,671,649.43	19,040,540.57	35,433,976.03	49,338,215.25
(I) Classification by continuous operation				
1. Net profit from continuous operation	25,671,649.43	19,040,540.57	35,433,976.03	49,338,215.25
2. Net profit from discontinuing operation				
(II) Classification by ownership				
1. Net profit attributable to parent company	25,593,358.53	19,040,540.57	34,979,790.84	49,338,215.25
2. Minority shareholders' gains and losses	78,290.90		454,185.19	
VI. After-tax net amount of other comprehensive incomes	-33,629,728.70	-33,629,728.70	-8,528,746.74	-8,265,080.66
After-tax net amount of other comprehensive incomes attributable to owners of the Company	-33,629,728.70	-33,629,728.70	-8,528,746.74	-8,265,080.66
(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	-33,629,728.70	-33,629,728.70	-8,528,746.74	-8,265,080.66
1. Enjoyable shares in other comprehensive incomes in investees that will be reclassified into gains and losses under the equity method			-263,666.08	
2. Gains and losses on fair value changes of available-for-sale financial assets	-33,629,728.70	-33,629,728.70	-8,265,080.66	-8,265,080.66
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	-7,958,079.27	-14,589,188.13	26,905,229.29	41,073,134.59
Total comprehensive income attributable to parent company	-8,036,370.17	-14,589,188.13	26,451,044.10	41,073,134.59
Total comprehensive income attributable to minority shareholders	78,290.90		454,185.19	
VIII. Earnings per share				
(I) basic earnings per share	0.03		0.04	
(II) diluted earnings per share	0.03		0.04	

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, 2018

Unit: RMB Yuan

Items	January -March, 2018		January -March, 2017	
	Consolidation	Parent Company	Consolidation	Parent Company
I. Cash flows arising from operating activities:				
Cash received from selling commodities and providing labor services	234,680,891.94	87,595,028.58	301,122,870.03	76,710,267.43
Write-back of tax received	3,340,686.50		5,056,014.38	
Other cash received concerning operating activities	14,176,990.93	3,619,053.46	8,339,100.88	1,574,756.48
Subtotal of cash inflow arising from operating activities	252,198,569.37	91,214,082.04	314,517,985.29	78,285,023.91
Cash paid for purchasing commodities and receiving labor service	186,514,869.99	111,441,564.06	313,953,489.13	115,453,705.91
Cash paid to/for staff and workers	112,992,030.52	41,872,999.01	106,761,004.77	40,953,327.52
Taxes paid	32,738,439.61	2,527,993.35	19,238,059.23	2,164,084.70
Other cash paid concerning operating activities	37,170,532.25	3,716,271.65	32,492,482.31	2,660,805.51
Subtotal of cash outflow arising from operating activities	369,415,872.37	159,558,828.07	472,445,035.44	161,231,923.64
Net cash flows arising from operating activities	-117,217,303.00	-68,344,746.03	-157,927,050.15	-82,946,899.73
II. Cash flows arising from investing activities:				
Cash received from recovering investment				
Cash received from investment income	333,450.00	300,000.00	11,192,594.05	21,153,569.05
Net cash received from disposal of fixed, intangible and other long-term assets	1,892,374.11		120,520.00	
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	78,225,824.11	76,300,000.00	11,313,114.05	21,153,569.05
Cash paid for purchasing fixed, intangible and other long-term assets	77,208,918.11	70,448,645.50	27,831,200.35	21,105,516.46
Cash paid for investment	4,327,733.43		39,200,000.00	39,200,000.00
Net cash paid for achievement of subsidiaries and other business units				
Other cash paid concerning investing activities				
Subtotal of cash outflow from investing activities	81,536,651.54	70,448,645.50	67,031,200.35	60,305,516.46
Net cash flows arising from investing activities	-3,310,827.43	5,851,354.50	-55,718,086.30	-39,151,947.41
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	9,040,000.00		35,819,700.00	3,000,000.00
Other cash received concerning financing activities	30,116,287.80		21,576,815.56	
Subtotal of cash inflow from financing activities	39,156,287.80		57,396,515.56	3,000,000.00

Cash paid for settling debts	17,810,100.00		24,000,000.00	
Cash paid for dividend and profit distributing or interest paying	4,431,888.96	3,216,043.81	1,123,770.83	480,000.00
Including: dividends or profit paid by subsidiaries to minority shareholders				
Other cash paid concerning financing activities	10,774,088.89	2,279,264.40	11,632,035.91	
Subtotal of cash outflow from financing activities	33,016,077.85	5,495,308.21	36,755,806.74	480,000.00
Net cash flows arising from financing activities	6,140,209.95	-5,495,308.21	20,640,708.82	2,520,000.00
IV. Influence on cash due to fluctuation in exchange rate	-1,411,497.70	-686.11	-315,714.24	-320.32
V. Net increase of cash and cash equivalents	-115,799,418.18	-67,989,385.85	-193,320,141.87	-119,579,167.46
Add: Balance of cash and cash equivalents at the period -begin	364,693,406.31	234,655,092.14	691,238,822.98	495,217,106.54
VI. Balance of cash and cash equivalents at the period-end	248,893,988.13	166,665,706.29	497,918,681.11	375,637,939.08

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