

DALIAN REFRIGERATION CO., LTD.

QUARTERLY REPORT FOR FIRST QUARTER, 2019

§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, 2019	January-March, 2018	Increase/decrease compared with previous year
Operating revenue	565,075,729.08	515,183,744.97	9.68%
Net profit attributable to shareholders of listed companies	106,786,822.74	25,593,358.53	317.24%
Net profit belonging to the shareholders of listed companies after the deduction of non-recurring profit and loss	16,426,346.23	24,307,838.37	-32.42%
Net cash flow from operating activities	-94,192,502.27	-117,217,303.00	19.64%
Basic earnings per share	0.125	0.03	316.67%
Diluted earnings per share	0.125	0.03	316.67%
Weighted average return on net asset yield	3.11%	0.75%	Increase 2.36 percentage points
	March 31, 2019	December 31, 2018	Increase/decrease compared with year beginning
Total assets	5,484,524,296.09	5,568,279,452.26	-1.50%
Owner's equity attributable to shareholders of listed companies	3,459,628,091.76	3,377,633,617.02	2.43%

Note : 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 64.5 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.

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	-12,865.50
Government subsidies included in current profit or loss	337,400.00
Disposal gains from investments on financial assets available for sale	105,065,192.11
Other operating revenue or expense	982,620.97
Income tax effect	15,992,063.20
Minority shareholders' gains and losses	19,807.87
Total	90,360,476.51

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

Total shareholders at the end of report period		60,697				
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		
SANYO ELECTRIC CO LTD	Foreign legal person	8.72%	73,503,150	0		
Lin Zhenming	Foreign natural person	0.76%	6,400,000	0		
Wu An	Domestic natural person	0.53%	4,500,000	0		
Sun Huiming	Domestic natural person	0.52%	4,384,079	0		
BOCI SECURITIES LIMITED	Foreign legal person	0.41%	3,471,602	0		
Dalian industrial development investment Co., Ltd.	Domestic non-state-owned legal person	0.40%	3,406,725	0		
Xue Hong	Domestic natural person	0.35%	2,940,000	0		
Chen Naisheng	Domestic natural person	0.27%	2,311,330	0		
Chen Xiaoyue	Domestic natural person	0.26%	2,210,000	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		
Lin Zhenming		6,400,000		B		
Wu An		4,500,000		B		
Sun Huiming		4,384,079		B		
BOCI SECURITIES LIMITED		3,471,602		B		
Dalian industrial development investment co. LTD		3,406,725		A		
Xue Hong		2,940,000		B		
Chen Naisheng		2,311,330		A		
Chen Xiaoyue		2,210,000		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 the payment for the termination of the restricted stock incentive plan of 2016 .
2. Other current assets decreased significantly compared with the year-beginning, mainly due to the change of excess VAT paid.
3. Construction in progress increased significantly compared with the year-beginning, mainly due to the investment in Intelligent manufacturing project and the R22 reduction project.
4. 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.
5. Tax payable increased significantly compared with the year-beginning, mainly due to the increase of VAT payable and income tax payable.
6. Other accounts payable decreased significantly compared with the year-beginning, mainly due to the termination of the restricted stock incentive plan of 2016.
7. Bonds payable decreased significantly compared with the year-beginning, mainly due to the exchangeable bonds holders exchange shares centrally during the reporting period.
8. Other comprehensive income decreased significantly compared with the year-beginning, mainly due to according to the new financial instrument standard, the Company adjusted the net profit and loss of Guotai Jun 'an stock market value to retained profit at the beginning of the period.
9. Assets impairment loss increased significantly y-o-y, mainly due to the provision for bad debts increased.
10. Gain from investment increased significantly y-o-y, mainly due to the investment income of the Company's exchangeable bonds exchange

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	Accounting Measurement Model	Begin Book value	Fair Value Change Gains and Losses in the Current Period	Accumulated Fair Value Change Included in Equity	Current Purchase	Current Sale	Gains and losses during the reporting period	Final Book value	Accounting subjects	Source of funds
Stock	601211	Guotai Junan	15,710,008.00	Measuring at fair value	369,195,071.40	64,497,437.84	0.00	0.00	150,999,966.00	64,497,437.84	316,556,661.20	Other non-current financial assets	Own fund
Total			15,710,008.00	--	369,195,071.40	64,497,437.84	0.00	0.00	150,999,966.00	64,497,437.84	316,556,661.20	--	--

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

3.6 Derivative investment

Applicable Inapplicable

3.7 Table of investigation, communication, interview received

Applicable Inapplicable

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

Board of Directors of Dalian Refrigeration Co., Ltd.

April 20, 2019