

DALIAN REFRIGERATION CO., LTD.

QUARTERLY REPORT FOR FIRST QUARTER, 2016

§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 Kudou sinn.

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, 2016	January-March, 2015	Increase/decrease over the same period of last year
Total operating income	400,592,922.66	393,941,332.13	1.69%
Net profit attributable to shareholders of listed companies	25,527,518.21	22,435,890.92	13.78%
Net profit attributable to shareholders of listed companies after deducting non-recurring gains/losses	25,497,476.68	22,373,319.52	13.96%
Net cash generated from operating activities	-89,736,770.51	-128,634,794.42	30.24%
Basic earnings per share	0.07	0.06	16.67%
Diluted earnings per share	0.07	0.06	16.67%
Return on equity	0.96%	1.13%	Decrease 0.17percentage points
	March 31, 2016	December 31, 2015	Increase/decrease over the end of last year
Total assets	4,099,235,264.83	4,082,499,864.42	0.41%
Owner's equity attributable to shareholders of listed companies	2,568,111,104.17	2,647,609,091.41	-3.00%

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	58,965.19
Tax returned/reduced by chance	14.56
Other operating revenue or expense	-13,838.03
Income tax effect	9,919.42
Minority shareholders' gains and losses	5,180.77
Total	30,041.53

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

Total shareholders at the end of report period			32,714			
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	22.31%	80,355,683	19,213,921		
SANYO ELECTRIC CO LTD	Foreign legal person	9.72%	35,001,500	0		
National Social Security Fund 107 Portfolio	Others	3.04%	10,946,061	0		
Industrial Securities Gold Kylin 2 Aggregate asset management plan	Others	1.75%	6,301,038	0		
China industry selected hybrid securities investment fund	Others	1.07%	3,852,364	0		
Upthrow morgan manufacturing excellence equity investment funds	Others	0.94%	3,392,766	0		
Vanguard harmony growth hybrid securities investment fund	Others	0.92%	3,314,158	0		
Lin Zhenming	Foreign natural person	0.77%	2,780,000	0		
Industrial international trust Co., Ltd Yao Huijin 1 assembled funds trust plan	Others	0.75%	2,696,915	0		
Sun Huiming	Domestic natural person	0.68%	2,458,966	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.			61,141,762		A	
SANYO ELECTRIC CO LTD			35,001,500		B	
National Social Security Fund 107 Portfolio			10,946,061		A	
Industrial Securities Gold Kylin 2 Aggregate asset management plan			6,301,038		A	
China industry selected hybrid securities investment fund			3,852,364		A	
Upthrow morgan manufacturing excellence equity investment funds			3,392,766		A	
Vanguard harmony growth hybrid securities investment fund			3,314,158		A	
Lin Zhenming			2,780,000		B	
Industrial international trust Co., Ltd Yao Huijin 1 assembled funds trust plan			2,696,915		A	
Sun Huiming			2,458,966		B	
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. Dividends receivable increased significantly compared with the year-beginning, mainly due to the increase in unexpired dividends receivable in the period.
2. Other receivables increased significantly compared with the year-beginning, mainly due to the increase in bid bond in the period.
3. 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.
4. 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.
5. Long term loans increased significantly compared with the year-beginning, due to the increase in special fund loans of China Development Fund.
6. Financial expenses increased significantly y-o-y, mainly due to the reduction in time deposits and interest income in the period.
7. Assets impairment loss decreased significantly y-o-y, mainly due to the reduction in long age receivables and the provision for bad debts in the period.
8. Investment income increased significantly y-o-y, mainly due to the increase in the current profit of Company's associate company Dalian Fuji Bingshan Vending Machine Co., Ltd.
9. Net cash from operating activities increased significantly y-o-y, mainly due to the increase in cash received by the current sales of goods.
10. Net cash flow from investing activities reduced significantly y-o-y, mainly due to the increase in the Company's new plant construction investment.
11. Net cash flow from financing activities increased significantly y-o-y, mainly due to the receiving of special fund of China Development Fund.

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. 05, 2016	Field investigation	Institution	http:// www.cninfo.com.cn
Jan.06, 2016	Field investigation	Institution	http:// www.cninfo.com.cn
Jan. 07, 2016	Field investigation	Institution	http:// www.cninfo.com.cn
Jan. 18, 2016	Field investigation	Institution	http:// www.cninfo.com.cn
Jan. 27, 2016	Field investigation	Institution	http:// www.cninfo.com.cn
Feb.24,2016	Field investigation	Institution	http:// www.cninfo.com.cn
Mar.31, 2016	Field investigation	Institution	http:// www.cninfo.com.cn

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 22, 2016

BALANCE SHEET

Prepared by Dalian Refrigeration Co., Ltd.

March 31, 2016

Unit: RMB Yuan

Assets	31-Mar-2016		31-Dec-2015	
	Consolidation	Parent Company	Consolidation	Parent Company
Current assets:				
Monetary funds	275,613,478.44	213,059,578.00	244,789,824.53	149,314,329.13
Financial assets which are measured by fair value and which changes are recorded in current profit and loss				
Derivative financial assets				
Notes receivable	74,214,666.95	36,259,322.34	71,699,517.68	40,690,578.22
Accounts receivable	733,948,070.22	207,026,275.85	671,423,836.87	196,691,940.87
Accounts in advance	52,776,569.86	23,025,241.72	44,218,887.91	22,523,974.19
Interest receivables				
Dividend receivable	6,152,400.00	6,152,400.00	44,600.00	
Other receivables	36,893,467.46	57,617,976.25	22,755,328.21	43,691,612.45
Inventories	272,937,551.24	125,579,251.32	259,099,149.47	122,212,395.56
Assets held for sale				
Non-current asset due within one year				
Other current assets	5,996,516.21	4,280,669.04	16,478,711.86	7,918,692.08
Total current assets	1,458,532,720.38	673,000,714.52	1,330,509,856.53	583,043,522.50
Non-current assets:				
Finance asset held available for sales	607,160,879.04	605,845,736.54	733,275,249.09	731,960,106.59
Held-to-maturity investment				
Long-term account receivable				
Long-term equity investment	1,239,173,089.34	1,479,764,120.89	1,220,367,767.73	1,460,958,799.28
Investment property	24,344,752.75	24,344,752.75	24,497,584.00	24,497,584.00
Fixed assets	440,250,464.09	240,475,308.75	449,907,430.32	246,435,789.69
Construction in progress	144,934,419.33	117,062,051.41	137,025,384.58	109,277,419.44
Engineering material				
Disposal of fixed asset				
Productive biological asset				
Oil and gas asset				
Intangible assets	158,079,748.14	90,127,903.05	158,417,802.57	90,015,524.05
Expense on Research and Development				
Goodwill	1,440,347.92		1,440,347.92	
Long-term expenses to be apportioned	5,457,181.44	4,641,215.46	5,857,504.95	5,033,031.30
Deferred income tax asset	19,861,662.40	7,162,850.89	21,200,936.73	8,675,787.57
Other non-current asset				
Total non-current asset	2,640,702,544.45	2,569,423,939.74	2,751,990,007.89	2,676,854,041.92
Total assets	4,099,235,264.83	3,242,424,654.26	4,082,499,864.42	3,259,897,564.42

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, 2016

Unit: RMB Yuan

Liabilities and shareholders' equity	31-Mar-2016		31-Dec-2015	
	Consolidation	Parent Company	Consolidation	Parent Company
Current liabilities:				
Short-term loans	82,600,000.00	27,600,000.00	82,600,000.00	27,600,000.00
Derivative financial liabilities				
Notes payable	171,461,794.37	130,238,362.56	234,189,011.72	177,683,261.74
Accounts payable	711,343,116.89	278,164,128.60	660,398,503.26	293,389,981.61
Accounts received in advance	66,712,952.53	24,257,232.84	70,458,014.46	25,768,511.15
Wage payable	23,582,087.36	885,669.48	51,857,345.29	11,208,398.45
Taxes payable	16,331,694.58	1,248,647.33	15,701,578.36	873,038.30
Interest payable				
Dividend payable	533,156.00	533,156.00	533,156.00	533,156.00
Other accounts payable	98,591,355.70	51,166,040.56	99,890,290.15	55,807,703.77
Liabilities held for sale				
Non-current liabilities due within one year				
Other current liabilities				
Total current liabilities	1,171,156,157.43	514,093,237.37	1,215,627,899.24	592,864,051.02
Non-current liabilities:				
Long-term loans	160,000,000.00	160,000,000.00		
Bonds payable				
Long-term account payable				
Long-term wage payable				
Special accounts payable				
Projected liabilities				
Deferred income	48,961,879.00	3,566,378.00	49,378,296.00	3,704,296.00
Deferred income tax liabilities	84,709,873.55	84,709,873.55	103,627,029.06	103,627,029.06
Other non-current liabilities				
Total non-current liabilities	293,671,752.55	248,276,251.55	153,005,325.06	107,331,325.06
Total liabilities	1,464,827,909.98	762,369,488.92	1,368,633,224.30	700,195,376.08
Shareholders' equity				
Share capital	360,164,975.00	360,164,975.00	360,164,975.00	360,164,975.00
Other equity instruments				
Capital public reserve	632,436,701.04	642,936,492.12	630,264,991.95	640,764,783.03
Specialized reserve	39,503,800.00	39,503,800.00	39,503,800.00	39,503,800.00
Other comprehensive income	482,790,903.51	481,561,975.89	589,988,118.05	588,759,190.43
Special preparation				
Surplus public reserve	580,769,740.16	580,769,740.16	580,769,740.16	580,769,740.16
Retained profit	551,452,584.46	454,125,782.17	525,925,066.25	428,747,299.72
Translation of foreign currency capital				
Total owner's equity attributable to parent company	2,568,111,104.17	2,480,055,165.34	2,647,609,091.41	2,559,702,188.34
Minority interests	66,296,250.68		66,257,548.71	
Total owner's equity	2,634,407,354.85	2,480,055,165.34	2,713,866,640.12	2,559,702,188.34
Total liabilities and shareholder's equity	4,099,235,264.83	3,242,424,654.26	4,082,499,864.42	3,259,897,564.42

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, 2016

Unit: RMB Yuan

Items	January-March, 2016		January-March, 2015	
	Consolidation	Parent Company	Consolidation	Parent Company
I. Total sales	400,592,922.66	115,257,669.44	393,941,332.13	140,314,467.62
Including: Operating income	400,592,922.66	115,257,669.44	393,941,332.13	140,314,467.62
II. Total operating cost	398,206,658.93	113,475,549.87	384,626,946.87	137,641,411.87
Including: Operating cost	333,650,668.53	94,264,744.26	323,034,478.60	117,390,426.14
Taxes and associate charges	2,902,901.06	7,097.13	3,253,523.16	908,801.77
Selling and distribution expenses	17,501,000.87	607,607.24	18,498,229.05	657,674.71
Administrative expenses	47,439,360.72	24,185,343.28	42,244,320.33	23,015,905.32
Financial expense	1,380,437.76	-226,882.57	-992,802.36	-2,228,986.57
Impairment loss	-4,667,710.01	-5,362,359.47	-1,410,801.91	-2,102,409.50
Add: Gain/(loss) from change in fair value				
Gain/(loss) from investment	24,957,721.61	24,957,721.61	15,366,075.40	15,366,075.40
Including: income from investment on affiliated enterprise and jointly enterprise	24,647,721.61	24,647,721.61	15,366,075.40	15,366,075.40
III. Operating profit	27,343,985.34	26,739,841.18	24,680,460.66	18,039,131.15
Add: non-business income	484,226.19	156,552.57	523,858.09	156,408.50
Including: profit from non-current asset disposal	64,284.56	18,634.56		
Less: non-business expense	22,667.47	4,974.62	600.00	
Including: loss from non-current asset disposal	5,319.37	4,974.62		
IV. Total profit	27,805,544.06	26,891,419.13	25,203,718.75	18,195,539.65
Less: Income tax	2,239,323.88	1,512,936.68	2,203,305.40	424,419.64
V. Net profit	25,566,220.18	25,378,482.45	23,000,413.35	17,771,120.01
Net profit attributable to parent company	25,527,518.21	25,378,482.45	22,435,890.92	17,771,120.01
Minority shareholders' gains and losses	38,701.97		564,522.43	
VI. After-tax net amount of other comprehensive incomes	-107,197,214.54	-107,197,214.54		
After-tax net amount of other comprehensive incomes attributable to owners of the Company	-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	-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	-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	-81,630,994.36	-81,818,732.09	23,000,413.35	17,771,120.01
Total comprehensive income attributable to parent company	-81,669,696.33	-81,818,732.09	22,435,890.92	17,771,120.01
Total comprehensive income attributable to minority shareholders	38,701.97		564,522.43	
VIII. Earnings per share			--	
(I) basic earnings per share	0.07		0.06	
(II) diluted earnings per share	0.07		0.06	

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, 2016

Unit: RMB Yuan

Items	January -March, 2016		January -March, 2015	
	Consolidation	Parent Company	Consolidation	Parent Company
I. Cash flows arising from operating activities:				
Cash received from selling commodities and providing labor services	259,550,611.17	57,386,660.38	168,986,081.23	28,836,321.34
Write-back of tax received	18,706.02		191,191.89	
Other cash received concerning operating activities	5,101,358.38	1,872,927.46	6,535,219.95	3,079,486.91
Subtotal of cash inflow arising from operating activities	264,670,675.57	59,259,587.84	175,712,493.07	31,915,808.25
Cash paid for purchasing commodities and receiving labor service	205,022,168.61	62,407,122.34	162,207,962.07	80,610,184.43
Cash paid to/for staff and workers	93,063,640.59	37,869,910.32	91,911,242.24	38,017,364.23
Taxes paid	19,094,299.33	3,224,168.93	20,384,745.23	7,324,384.03
Other cash paid concerning operating activities	37,227,337.55	15,124,172.44	29,843,337.95	6,752,073.30
Subtotal of cash outflow arising from operating activities	354,407,446.08	118,625,374.03	304,347,287.49	132,704,005.99
Net cash flows arising from operating activities	-89,736,770.51	-59,365,786.19	-128,634,794.42	-100,788,197.74
II. Cash flows arising from investing activities:				
Cash received from recovering investment				
Cash received from investment income	44,600.00			
Net cash received from disposal of fixed, intangible and other long-term assets	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	87,640.00	43,000.00	0.00	0.00
Cash paid for purchasing fixed, intangible and other long-term assets	38,795,973.03	33,240,785.00	13,203,094.43	5,394,470.50
Cash paid for investment			13,454,100.00	19,454,100.00
Net cash received from payment of subsidiaries and other business units				
Other cash paid concerning investing activities				
Subtotal of cash outflow from investing activities	38,795,973.03	33,240,785.00	26,657,194.43	24,848,570.50
Net cash flows arising from investing activities	-38,708,333.03	-33,197,785.00	-26,657,194.43	-24,848,570.50
III. Cash flows arising from financing activities				
Cash received from absorbing investment			60,434,000.00	56,434,000.00
Including: Cash received from absorbing minority shareholders' equity investment by subsidiaries			4,000,000.00	
Cash received from loans	178,150,000.00	160,000,000.00	14,860,000.00	
Other cash received concerning financing activities	23,110,827.68	1,920,332.73	32,953,876.63	16,145,665.64
Subtotal of cash inflow from financing activities	201,260,827.68	161,920,332.73	108,247,876.63	72,579,665.64

Cash paid for settling debts	17,751,087.50		3,000,000.00	
Cash paid for dividend and profit distributing or interest paying	1,179,397.92	307,318.34	3,404,791.88	
Including: dividends or profit paid by subsidiaries to minority shareholders				
Other cash paid concerning financing activities	4,924,665.45	3,430,000.00	21,149,935.79	17,020,534.09
Subtotal of cash outflow from financing activities	23,855,150.87	3,737,318.34	27,554,727.67	17,020,534.09
Net cash flows arising from financing activities	177,405,676.81	158,183,014.39	80,693,148.96	55,559,131.55
IV. Influence on cash due to fluctuation in exchange rate	4,105.12	1,000.65	-69,647.80	41.03
V. Net increase of cash and cash equivalents	48,964,678.39	65,620,443.85	-74,668,487.69	-70,077,595.66
Add: Balance of cash and cash equivalents at the period -begin	221,724,134.60	147,439,134.15	475,557,589.39	391,427,532.25
VI. Balance of cash and cash equivalents at the period-end	270,688,812.99	213,059,578.00	400,889,101.70	321,349,936.59

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