Stock Code: 000530; 200530   Short Form of the Stock: Daleng Gufen; Daleng B   No: 2018-041

DALIAN REFRIGERATION CO., LTD.
QUARTERLY REPORT FOR THIRD 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 The Company's quarterly financial report has not been audited.
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 Ms. 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 Major accounting data and changes of shareholders

2.1 Major accounting data and financial indexes
Is there any traceable adjustment to the financial statements for the previous report period?
□ Yes √ No

	2018.9.30	2017.12.31		Increase/decrease over 2017.12.31
Total assets	5,662,014,675.28	5,619,621,500.67		0.75%
Shareholder's equity attributable to parent company	3,367,379,709.38	3,416,531,064.91		-1.44%
	2018.7-9	Increase/decrease over 2017.7-9	2018.1-9	Increase/decrease over 2017.1-9
Total operating income	482,267,734.29	4.54%	1,511,346,271.08	3.26%
Net profit attributable to parent company	14,417,569.50	-69.37%	73,435,111.78	-49.47%
Net profit attributable to parent company after deducting non-recurring gains/losses	13,143,470.72	-72.33%	70,328,648.03	-40.13%
Net cash generated from operating activities	--	--	-144,478,049.04	29.04%
Basic earnings per share	0.017	-69.09%	0.086	-49.41%
Diluted earnings per share	0.017	-69.09%	0.086	-49.41%
Weighted average return on net asset yield	0.41%	Decrease 0.99 percentage points	2.13%	Decrease 2.22 percentage points

The net profit attributable to shareholders of listed Company significantly decreased with the same period last year, mainly because since 2018, the intensified market competition and the tight budget led to a significant decrease in the income from complete sets of projects, and the increase in bank borrowings led to a significant increase in financial expenses, and also the Company sold 1.5 million shares of Guotai Junan stock in the same period last year and obtained investment income of about RMB 27,460 thousand Yuan.

Item of non-recurring gains and losses	Amount from beginning of year to the end of report period
Profit and loss from disposal of non-current assets	130,324.63
Government subsidies which were included in the current profits and losses	2,316,687.00
The cost of investment that the Company acruring subsidiary,the associated and the joint venture are less than the book net assets of the invested entity	1,068,246.27
Other non-operating incomes and expenses except the above mentioned	173,653.04
Income tax effects	588,923.70
Minority equity interests effects (after tax)	-6,476.51
Total	3,106,463.75

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

Total shareholders at the end of report period	49,116

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	19.98%	170,916,934	0		
SANYO ELECTRIC CO LTD	Overseas legal person	8.59%	73,503,150	0		
Lin Zhenming	Foreign natural person	0.74%	6,349,740	0		
GuojinSecurities Co., Ltd.	Others	0.70%	6,000,000	0		
JOHCM INTERNATIONAL SMALL CAP EQUITY FUND	Overseas legal person	0.59%	5,026,442	0		
Wu An	Domestic natural person	0.52%	4,450,000	0		
Sun Huiming	Domestic natural person	0.51%	4,384,079	0		
BOCI SECURITIES LIMITED	Overseas 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	0.34%	2,876,756	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	6,349,740	B
GuojinSecurities Co., Ltd.	6,000,000	A
JOHCM INTERNATIONAL SMALL CAP EQUITY FUND	5,026,442	B
Wu An	4,450,000	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	2,876,756	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.	

Did the Company's shareholders conduct the agreed repurchase transactions in the reporting period?

□ Yes √ No

Information on the total number of preferred shareholders and the shares held by top ten preferred shareholders as of the end of the reporting period

□ Yes √ No

§3 Important Matters

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

√ Applicable □ Inapplicable

1. Other account receivable has increased significantly over that of year-beginning, mainly because dividend receivable which has not yet due increased in the period;
2. Other current asset has decreased significantly over that of year-beginning, mainly because the bank financial product investment of 76 million expired and took back;
3. Accounts received in advance has decreased significantly over that of year-beginning, mainly due to the accounts received for goods carried forward income.
4. Wages payable has decreased significantly over that of year-beginning, mainly because accrual year-end bonus for year of 2017 has paid in first quarter of 2018;
5. Tax payable has decreased significantly compared with the year-beginning, mainly due to the decrease of VAT payable and income tax payable.
6. Bonds payable has increased significantly over that of year-beginning，mainly due to the Company issue exchangeable corporate bonds privately of 176 million during this period
7. Financial expenses have increased significantly on a y-o-y basis, mainly because interest expenses increased with the growth of debt of honour in the period;
8. Non-operation revenue has decreased significantly on a y-o-y basis,mainly because at same period of last year, the Company received government subsidies;

9. Net cash flow from investing activities has increased significantly y-o-y basis, mainly due to the bank financial product investment of 76 million expired and took back, and at same period of last year we purchased 49% equity of Dalian Bingshan Metal Technology Co., Ltd and 76% equity of Dalian Bingshan Engineering & Trading Co., Ltd from the controlling shareholder of the Company.
10. Net cash flow arising from financing activities has decreased significantly on a y-o-y basis, mainly because repayment of bank loans increased.

3.2 Analytic description of major matters, their influence and solutions

Applicable √ Inapplicable

3.3 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 √ Inapplicable

3.4 Precautions on forecasting of 2018, 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 Securities investment

√ Applicable☐ Inapplicable

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	27,098,895.00	fair value measurement	501,871,535.40	0.00	380,538,009.30	0.00	10,839,558.00	406,212,436.05	Financial assets available for sale	Own funds
Other Securities Investment		0.00	--	0.00	0.00	0.00	0.00	0.00	0.00	--	--
total		27,098,895.00	--	501,871,535.40	0.00	380,538,009.30	0.00	10,839,558.00	406,212,436.05	--	--

3.6 Trust management

☐ Applicable √ Inapplicable

3.7 Derivative investment

□ Applicable √ Not applicable

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

3.8 Table of investigation, communication, interview received

□ Applicable √ Not applicable

3.9 Violation of guaranty

□ Applicable √ Not applicable

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

□ Applicable √ Not applicable

Board of Directors of Dalian Refrigeration Co., Ltd.
October 27, 2018