大连冷冻机股份有限公司
1999 年年度报告正文
（境外刊登）

重要提示：本公司董事会保证本报告所载资料不存在任何虚假记载、误导性陈述或者重大遗漏，并对其内容的真实性、准确性和完整性负个别及连带责任。

本报告分别以中、英文两种文字编制，在对两种文本的理解上发生歧义时，以中文文本为准。

（一） 公司简介

1、 公司法定中文名称：大连冷冻机股份有限公司
    公司法定英文名称：Dalian Refrigeration CO., LTD.
    公司英文名称缩写：DRC
2、 公司法定代表人：张和先生
3、 公司董事会秘书：吕连珍女士
    授权代表：葛彦女士
    联系地址：大连市沙河口区西南路 888 号
    电话：0086-411-6653081-8130
    传真：0086-411-6641470
4、 公司注册及办公地址：大连市沙河口区西南路 888 号
    邮政编码：116033
    互联网网址：http://www.bingshan.com
    电子信箱：dlzj@mail.dlptt.ln.cn
5、 公司选定的信息披露报纸名称：《中国证券报》、《大公报》
    登载公司年度报告的中国证监会指定网址：http://www.cninfo.com.cn
    公司年度报告备置地点：公司证券部
6、 公司股票上市交易所：深圳证券交易所
    股票简称：大冷股份；大冷 B
    股票代码：0530；2530

（二）会计数据和业务数据摘要

1、报告期主要业务数据摘要(单位:千元)

除税及少数股东权益前利润	70,554
除税及少数股东权益后利润	64,200
营业利润	32,623
应占联营公司利润	42,187
营业活动的净现金流入	5,648
现金及银行存款净增加	11,512

经大连信义会计师事务所有限公司按照中国会计准则审计，公司 1999 年度实现净利润 7,106 万元；经安达信公司按照国际会计准则审计，公司 1999 年实现净利润 6,420 万元。境内外审计差异为 686 万元。

按国际会计准则调整对净利润的影响：（单位:千元）

1999 1998

本公司法定帐目金额	71,064	70,533
法定帐目会计政策变更对以前年度利润的影响	---	(5,174)
调整后本公司法定帐目金额	71,064	65,359
提列坏帐准备	(3,841)	(3,018)
提列存货损失准备	(4,471)	2,208
销售收入截止	(1,222)	(1,489)
权益法核算投资收益	1,821	585
其他	849	1,523
根据国际会计准则本公司调整后金额	64,200	65,168

2、截止报告期末公司前三年的主要会计数据和财务指标

项目	1999	1998	1997
销售收入净额（千元）	706,534	633,906	603,624
营业利润（千元）	32,623	43,642	67,844
应占联营公司利润（千元）	42,187	35,002	58,591
除税及少数股东权益前利润（千元）	70,554	72,264	122,323
除税及少数股东权益后利润（千元）	64,200	65,168	113,517
净资产（千元）	1,056,872	1,027,649	650,252
每股净资产（元）	3.02	2.94	2.77
每股收益（元）	0.18	0.20	0.49

注：（1）以上主要会计数据和财务指标为安达信公司按照国际会计准则审计编制，供 B 股投资者参考。

（2）报告期末至摘要披露日，公司股本未发生变化。

3、报告期内股东权益变动情况(单位:千元)

项目	股本	资本公积	盈余公积	法定公益金	未分配利润	股东权益合计
期初数	35,001.4975	555,741	117,621	32,903	4,272	1,027,649
本期增加		24	21,904	7,301	69,003	64,224
本期减少			4,803	1,601	56,905	35,001
期末数	35,001.4975	555,765	134,722	38,603	16,370	1,056,872

变动原因：资本公积本期增加是因受赠资产；盈余公积、法定公益金本期增加是因公司 1999 年利润分配提取，本期减少是因追溯调整；未分配利润本期增加是因公司 1999 年实现利润及追溯调整，本期减少是因公司 1999 年利润分配派发现金股利及计提公积；股东权益本期增加是因公司 1999 年实现利润及受赠资产，本期减少是因公司 1999 年利润分配派发现金股利。

（三）股本变动及股东情况

1、 股本变动情况

（1） 股份变动情况表

数量单位：股

	期初数	期末数
一、未上市流通股份		
1、 发起人股份	104,422,500	104,422,500
其中：国家股	104,422,500	104,422,500
2、 募集法人股份	32,222,250	32,222,250

3、 转配股	8,935,425	8,935,425
未上市流通股份合计	145,580,175	145,580,175
二、已上市流通股份		
1、 人民币普通股	89,434,800	89,434,800
2、 境内上市外资股（B 股）	115,000,000	115,000,000
已上市流通股份合计	204,434,800	204,434,800
三、股份总数	350,014,975	350,014,975

（2）股票发行与上市情况

① 前三年历次股票发行情况

公司于 1997 年 5 月以 1996 年末总股本 144,624,600 股为基数向全体股东配售新股。配股比例为每 10 股配 3 股，配股价格为 4.80 元/股。共计配售新股 43,387,380 股。本次获配股份中的可流通股份 1,646.6282 万股于 1997 年 6 月 18 日于深圳证券交易所上市交易。

公司于 1998 年 2 月 27 日至 3 月 2 日，成功配售 115,000,000 股 B 股，配售价格为 2.99 港币（折合 3.20 元人民币），并于 1998 年 3 月 20 日于深圳证券交易所上市交易。

②报告期内公司股份总数及结构均未发生变动。

2、股东情况介绍

（1）报告期末股东总数为 95,103 户，其中 A 股股东总数为 93,194 户，B 股股东总数为 1,909 户。

（2）主要股东持股情况（前 10 名股东）

股东名称	年初（万股）	年末（万股）	占总股本（%）	类别
大连冰山集团有限公司（国家股）	10,442.25	10,442.25	29.83	A
SANYO ELECTRIC CO., LTD.	3,500.15	3,500.15	10.00	B
招商银行证券业务部	599.91	531.98	1.52	B
吉林九州开发公司	315.00	315.00	0.90	A
太原兆和投资发展公司	315.00	315.00	0.90	A
大连信托投资公司	283.70	283.70	0.81	A
BONY A/C CMG CH CHINA INVESTMENTS LIMITED	254.46	211.67	0.60	B
WISEMAX INTERNATIONAL LIMITED	218.84	195.01	0.56	B
CHEUNG,KIN WA	195.00	189.93	0.54	B
大连华信信托投资股份有限公司	179.50	179.50	0.51	A

公司前 10 名股东之间不存在关联关系。

持股 5%以上的法人股东所持公司股份无质押情况。

根据公司与日本三洋电机株式会社于 1997 年 12 月 4 日签订的股份认购协议，三洋电机以战略投资者的身份所认购的 3,500.15 万股 B 股，自大冷 B 上市之日（1998 年 3 月 20 日）起两年内不得转让或出售。

（3）持股 10%（含 10%）以上法人股东介绍

大连冰山集团有限公司 年末持有公司股份 29.83%。法定代表人张和。该公司是以制造与安装工业和商用冷冻、空调、冷链、电器等成套设备为主业，兼营电子、家电、轻工化工、进出口贸易等多角经营的大型企业集团。该公司目前总资产 56 亿元，1999 年实现销售收入 31.6 亿元，净利润 1.59 亿元，出

口创汇 3,000 多万美元。

三洋电机株式会社 年末持有公司股份 10%。三洋电机是日本主要的机电产品生产商之一。

（4）报告期内公司控股股东未有变更。

（四）股东大会简介

公司于 1999 年 5 月 26 日上午在公司文化宫召开了 1998 年度股东大会。关于召开本次股东大会的通知，刊登在 1999 年 4 月 19 日《中国证券报》、《香港商报》。关于本次股东大会的决议公告，刊登在 1999 年 5 月 27 日《中国证券报》、《香港商报》。出席会议的股东及股东代理人共计 89 人，代表股份 18,395.7777 万股（其中所持 A 股表决权 13,694.8077 万股，所持 B 股表决权 4,700.97 万股），占公司总股本 52.56%，符合公司章程及公司法的规定。

原公司董事杨骏不再担任公司董事，经公司董事会提名，更换陈耿先生为公司董事。

（五）董事会报告

1、公司经营情况

（1）行业背景

中国的制冷设备制造业于五十年代中期初具规模，公司为当时主要生产企业之一。随着七十年代末的改革开放，中国的制冷设备制造业亦随着国民经济的增长和人民生活水平的提高而迅速发展。尤其自一九九三年以来，中国制冷设备制造业的产值以平均每年超过 20%的速度增长。目前中国主要的制冷设备制造厂家除本公司以外，主要有上海、广东、湖北、山东等厂家。

公司是中国最大的工业制冷设备生产企业和中国最大的制冷成套设备出口商家，并拥有中国工业制冷设备行业中唯一的驰名商标。

（2）公司主营业务的范围及其经营情况

公司主要产品有用于国防、科研、石油、化工、纺织、医药、发电、农牧渔和饮食服务等行业的活塞式、螺杆式制冷压缩机、溴化锂吸收式制冷机以及压力容器、组合库、气调保鲜库、平板式速冻机、隧道式速冻机、块冰机、片冰机、颗粒机等，共计 5 个系列（制冷、冷冻、空调、冷藏、保鲜）、6 大成套（空调成套、土建冷库成套、组合冷库成套、制冰成套、特种工程成套和气调保鲜成套）。

①勇于创新市场营销思路，市场开拓取得明显成效。

针对日趋严峻的市场竞争，公司通过国内十城市“冰山产品展示会”、“东南亚冰山制冷设备展览会”、“冰山与世界同行联谊会”、“冰山为化肥行业服务联谊会”等特色活动，树立了“冰山”良好的形象，有效地开拓了潜在市场，名牌化战略日见成效。1999 年实现主营业务收入 70,653 万元，比去年同期增长 11.46%。

成套工程是公司强有力的经济增长点。以福建光泽鸡业、西安亿事达、五粮液阿福科、北京汇源、山东龙大、大连周水子国际机场、北京帝颖、菲律宾制冰成套设备等为代表的超大型成套工程的承接，标志着公司在成套化方面又有了长足进步。

②积极谋求多方协作，国际化步伐大大加快。

在稳定原有出口市场的基础上，公司产品首次打入澳洲、非洲市场。同外

贸公司的合作有了实质性突破，已与国家级外贸公司签定联合开发南美市场协议。在经贸部驻中东各国商务参赞处的大力支持下，中东市场开发进展顺利。经过一年多的市场调研，非洲市场的开发思路业已明确。

③着眼于可持续发展，产品结构调整力度加大。

新产品开发是公司产品结构调整，完成跨世纪发展目标的重中之重。公司有针对性地召开了几次新产品专题会议，强调了尽快拿出跨世纪产品的指导思想。1999 年开发了谷物冷却器、单机双级螺杆压缩机、可调内容积比螺杆压缩机、新式冷藏陈列库等 8 项新产品。谷物冷却器的引入，将是我国粮食储藏领域的一次质的飞跃，同时也是公司一个新的经济增长点。

④充分发挥技术创新优势，合资企业整体形象进一步完善。

三洋制冷继推出 SV 系列超级真空锅炉、超级 F 型触摸屏式溴冷机、H 型新型模块机等新技术产品后，又推出我国最大直燃型溴化锂制冷机（DCC-82K），并获“中国环境标志产品贡献奖”、“中国环境标志开拓奖”。三洋冷链夺得国内最大商业制冷项目（北京华汇北辰超市），并开发出欧式冷藏柜。三洋压缩机向高、精、尖产品迈出一大步，涡旋压缩机正式投放市场。三洋空调机开业两年多，取得三大认证（电工产品认证、质量体系认证、环境管理体系认证），实现销售收入 3 亿元，盈利 2000 万元。

⑤努力夯实基础管理，向管理创新要效益。

公司年内顺利通过 ISO9001 质量体系复评及 AR2 级压力容器制造许可证换证检查，进一步提高了设计及生产合格产品的过程控制能力。

公司基础管理的计算机化、网络化有了重大突破。与大连理工大学共同开发的 BSJ-CIMS 一期工程通过国家 CIMS863 主题办鉴定验收。在原 MRPⅡ基础上，进一步完善二次开发，改进了市场信息系统、售后服务系统、供应库存系统、设备管理系统及计划系统，完成了螺杆、活塞、成套等事业部内部计算机管理程序开发。

公司通过全员、全方位、全过程的降成本，年内实现降成本 2,196 万元，其中降低采购成本 456 万元，技术系统降成本 350 万元。

（3）公司主要全资附属企业及控股子公司的经营情况及业绩

A、全资附属企业

公司目前拥有四个全资附属企业：

①大连冰山集团制冷空调安装公司　该公司注册资金为人民币 1,500 万元，主营成套制冷设备安装调试，1999 年实现销售收入 2,713 万元。

②大连冰山集团进出口公司　该公司注册资金为人民币 120 万元，经营本企业或本企业成员企业自产产品及相关技术的出口服务，生产、科研所需的原辅材料、机械设备、仪器仪表等商品及相关技术的进口服务，三来一补，1999 年实现销售收入 2,123 万元。

③大连经济技术开发区冰山经贸公司　该公司注册资金为人民币 540 万元，主营印刷器材及材料、机械设备、电器设备、金属材料、煤炭、木材、电子产品，1999 年实现销售收入 22 万元。

④大连经济技术开发区大冷经贸公司　该公司注册资金为人民币 60 万元，主营五金、交电、化工商品，1999 年实现销售收入 196 万元。

B、控股子公司

公司目前拥有三个控股子公司：

①大连冰山空调设备有限公司　该公司注册资金 7 亿日元，其中本公司拥有 70%

的股权，主营风机盘管、空气处理机等空调末端产品的生产和销售，1999 年实现销售收入 6,006 万元，实现净利润 772 万元。

②大连冰山集团销售有限公司 该公司注册资金为人民币 300 万元，其中本公司拥有 90%的股权，主营大连冰山集团成员企业的产品销售，1999 年实现销售收入 8,002 万元，实现净利润 322 万元。

③大连冰山金属加工有限公司 该公司注册资金为 210 万美元，其中本公司拥有 60%的股权，主要为已成立的合资企业及本公司配套生产钣金、冲压件，1999 年实现销售收入 1,074 万元。

（4）在经营中出现的问题与困难及解决方案

公司在 1999 年度的经营中所遇到的突出问题是关于产品结构的调整。1998 年以来，国际上各国比较大的制冷空调公司互相兼并和整体收购，标志着国际制冷行业的竞争正在向垄断的方向发展。同时，国外的制冷公司也加强了对中国市场的竞争。为了进一步增强公司产品在性能价格上的综合优势，公司把经营的侧重放到了产品结构调整上，专门召开了几次新产品专题会议，确定了加快产品结构调整，尽快拿出跨世纪产品的指导思想，并对若干重点产品的试制进度提出了严格要求。经过努力，年内完成 8 项新产品开发，较好地完善了公司的产品结构。

2、公司财务状况

截止 1999 年 12 月 31 日，公司财务状况如下：

（1）资产总额 160,777 万元，比年初增加 6,144 万元。其中：流动资产增加 2,950 万元，主要是因货币资金、应收款项、存货的增加；固定资产减少 599 万元，主要是因固定资产折旧；长期投资增加 4,070 万元，主要是因合资企业投资收益增加；无形及递延资产减少 277 万元，主要是因无形资产摊销。

（2）负债总额 52,472 万元，比年初增加 3,044 万元。其中：流动负债增加 3,860 万元，主要是因应付关联企业款项增加；长期负债减少 816 万元，主要是因长期借款减少。

（3）股东权益 105,687 万元，比上年增加 2,922 万元，主要是因计提公积金、未分配利润增加。

（4）营业利润 3,262 万元，比上年减少 1,102 万元，主要是因销售成本增加。

（5）净利润 6,420 万元，比上年减少 97 万元，主要是因合资企业投资收益增加、营业利润减少。

3、公司投资情况

截止 1999 年末，公司分别与日本三洋、香港大洋、美国热王、冰山集团等兴建了如下十四个企业：

企业名称	注册地址	主营业务	持股比例
大冷王运输制冷有限公司	深圳市	生产销售冷藏运输车	25%
大连本庄化学有限公司	大连开发区	生产销售溴化锂溶液	30%
大连明华电子有限公司	大连开发区	生产销售电子线路板	30%
大洋汽车空调工程（大连）有限公司	大连开发区	生产销售汽车空调	30%
大连三洋制冷有限公司	大连开发区	生产销售溴化锂制冷机	40%
大连三洋冷链有限公司	大连开发区	生产销售超市冷藏设备	40%
大连三洋压缩机有限公司	大连开发区	生产销售半封闭压缩机	40%
大连大洋运输冷冻工程有限公司	大连市	组装销售冷藏移动设备	40%

大连三洋空调机有限公司	大连开发区	生产销售空调机	40%
大连三洋饮食设备有限公司	大连开发区	生产销售饮食设备	40%
大连三洋家用电器有限公司	大连市	生产销售小型家用电器	40%
大连冰山金属加工有限公司	大连市	生产钣金、冲压件	60%
大连冰山空调设备有限公司	大连市	生产销售空调末端产品	70%
大连冰山集团销售有限公司	大连保税区	销售集团成员企业产品	90%

（1）募集资金使用情况

公司 1998 年发行 B 股所得款项净额为人民币 3.6 亿元，其使用延续到报告年度内。

①募集资金时承诺投资项目与实际投资项目的异同

募集资金时承诺投资项目	实际投资项目
● 大连三洋压缩机有限公司的增资扩建	● 大连三洋压缩机有限公司的增资扩建
● 开发大型螺杆制冷压缩机和配套辅机	● 开发大型螺杆制冷压缩机和配套辅机
● 成立大冷股份技术中心	● 成立大冷股份技术中心
● 合资成立大连冰山冈特换热器有限公司	● 风冷换热器
● 向冰山集团收购三家合资公司三洋饮食设备、三洋空调机和三洋家用电器中均为 40%的股权	● 向冰山集团收购三家合资公司三洋饮食设备、三洋空调机和三洋家用电器中均为 40%的股权

②实际投资项目情况介绍

大连三洋压缩机有限公司的增资扩建项目，已投入 3,420 万元，占应投资额的 21%。扩建后，该公司一方面扩大生产目前供不应求的活塞式半封闭压缩机，同时生产当前世界最先进的涡旋式压缩机。1999 年，该公司主营业务收入同比增长 96%，首次突破亿元大关。

开发大型螺杆制冷压缩机项目，已投入 1,622 万元，占应投资额的 27%。目前 KA315、KA510 等型号已批量投放市场，在石油化工等行业较好地替代了进口产品。其中 KA510 大型螺杆制冷压缩机为世界最大、国内唯一。

成立大冷股份技术中心项目，已投入 1,920 万元，占应投资额的 100%。技术中心成立后，大大提高了公司的产品开发、试验和测试能力，有力促进了公司跨世纪的产品结构调整。

风冷换热器项目，已投入 1,550 万元，占应投资额的 100%。1999 年，公司风冷换热器事业部实现产值 1,426 万元，其所开发的新型、高效、轻型节水的氨制冷空调换热器既为公司创造了可观的经济效益，又给国家带来了巨大的社会效益。

收购大连三洋家用电器有限公司 40%股权项目，已实施完毕。1999 年，该公司实现销售收入 1,409 万元。

收购大连三洋饮食设备有限公司 40%股权项目，已实施完毕。1999 年，该公司实现销售收入 3,633 万元。

收购大连三洋空调机有限公司 40%股权项目，已实施完毕。1999 年，该公司实现销售收入 23,095 万元，净利润 1,351 万元。

目前，公司已投入募集资金 16,862 万元，占总应投资额的 49.7%。

尚未投入使用的募集资金暂存于银行指定的外汇帐户。

（2）非募集资金投资项目说明

报告年度内，公司以自有资金向冰山集团收购其所持有的原君安证券 3,500 万股股权。

4、新年度的业务发展计划

（1）以开拓创新精神抢占国内外市场，提高市场占有率。树立大市场观念，在关注产品名牌化的同时，更要关注产品国际化。继续发挥集团销售的整体优势，继续贯彻各级领导及全员抓市场责任制。

（2）抓住机遇，加快产品结构调整，实现跳跃式发展。要打破产业产品结构的局限，跳出本行业开发高新技术产品，特别是电子、信息通讯、生物工程和节能环保等产品。

（3）超前思维，加快自行开发与引进、合资合作步伐，实现技术创新。要充分利用国际互联网搞好网上招商工作；要加强与国外驻华使馆的联系；要加强与全球 500 强的联系。

（4）以分配制度为核心，深化改革，全面实现管理创新。

（5）狠抓产品质量，以质量求生存求发展。

5、董事会日常工作情况

（1）报告期内董事会的会议情况及决议内容

①二届七次董事会议

公司二届董事会于 1999 年 4 月 15 日在公司二楼会议室召开了第七次会议。出席本次会议的董事 13 名。会议由董事长张和先生主持。本次会议审议并通过了如下决议：公司 1998 年年度报告；公司 1998 年度财务决算和 1999 年度财务预算；公司 1998 年度分红预案；关于公司高级管理人员变动的报告；关于公司董事变动的报告；关于冈特合资项目变动的报告；关于拟受让冰山集团持有君安证券 3500 万股权的报告；关于修改公司章程的报告；关于公司董事会投资权限的报告；关于确定公司财务调整坏帐准备提取方法及提取比例的报告；关于召开 1998 年度股东大会的有关事项。

②二届八次董事会议

公司二届董事会于 1999 年 6 月 16 日召开了第八次会议。本次会议以传真方式审议并通过了如下决议：同意公司以应享受君安证券待分配红利向君安证券新增投资 1,000 万元。此次投资完成后，公司将总计持有国泰君安 3,789 万股股份。

③二届九次董事会议

公司二届董事会于 1999 年 8 月 18 日在公司六楼会议室召开了第九次会议。出席本次会议的董事 14 名。会议由董事长张和先生主持。本次会议审议并通过了如下决议：公司 1999 年中期报告；公司 1999 年中期不进行利润分配和资本公积金转增股本。

（2） 董事会对股东大会决议的执行情况

公司董事会认真贯彻执行了 1998 年度股东大会的各项决议。公司 1998 年度分红方案由公司董事会于 1999 年 7 月实施完毕。

6、公司管理层及员工情况

（1）董事、监事、高级管理人员

姓名	性别	职务	年龄	任期	年初持股	年末持股
董事（17 位）：						
张　和	男	董事长	62	1997—2000	25,650	25,650
穆传江	男	副董事长	50	1997—2000	22,650	22,650
李志民	男	执行董事	59	1997—2000	32,085	32,085
王尔忠	男	执行董事	57	1997—2000	14,250	14,250

于守涛	男	执行董事	49	1997—2000	21,375	21,375
王德昆	男	执行董事	48	1997—2000	14,250	14,250
张宏智	男	执行董事	41	1997—2000	21,125	21,125
刘梦华	男	董事	57	1997—2000	0	0
吕中立	男	董事	58	1997—2000	7,125	7,125
王国通	男	董事	44	1997—2000	0	0
罗小平	男	董事	40	1997—2000	0	0
邹志明	男	董事	56	1997—2000	10,687	10,687
陈　耿	男	董事	30	1999—2000	0	0
侯少锋	男	董事	46	1997—2000	0	0
魏茂云	男	董事	54	1997—2000	5,130	5,130
山村昭雄	男	董事	56	1998—2000	0	0
奥征彦	男	董事	54	1998—2000	0	0
监事（3 位）:						
于福春	男	监事会主席	41	1997—2000	7,800	7,800
刘庆禄	男	监事	53	1997—2000	7,937	7,937
门曰胜	男	监事	47	1997—2000	0	0
高级管理人员:						
穆传江	男	总经理				
于守涛	男	副总经理、财务总监				
张宏智	男	副总经理				
杨　斌	男	副总经理	43		0	0
王志强	男	副总经理	38		0	0
吕连珍	女	董事会秘书	47	1997—2000	0	0

公司管理层本年度报酬总额为 69.9 万元，其中 6—7 万元区间 2 人，5—6 万元区间 7 人，4—5 万元区间 1 人，3—4 万元区间 3 人。刘梦华、吕中立、王国通、罗小平、邹志明、陈耿、侯少锋、魏茂云、山村昭雄、奥征彦、刘庆禄等不在公司领取报酬。

报告期内，原公司董事杨骏被君安证券有限责任公司免去总裁职务，不适合担任公司董事。经公司董事会提名，更换陈耿先生为公司董事。

为规范公司法人治理结构，公司董事长和总经理单独设立，为此，张和先生不再担任公司总经理，聘任穆传江先生为公司总经理。

因工作变动，李志民先生、王尔忠先生不再担任公司副总经理，聘任杨斌先生、王志强先生为公司副总经理。

（2）公司员工

1999 年 12 月 31 日统计：公司现有员工 2,196 人，其中生产人员 1,318 人，占 60.0%；技术人员 341 人，占 15.6%；销售人员 281 人，占 12.8%；财务人员 40 人，占 1.8%；行政人员 216 人，占 9.8%。

公司大、中专以上学历 626 人，占 28.5%。公司退休职工的养老金及医疗费等由社会保险机构负责。

7、 本次利润分配预案或资本公积金转增股本预案

（1）本年度利润分配预案

根据大连信义会计师事务所有限公司的审计，公司 1999 年实现税后利润为

7,106 万元，根据国家有关规定及公司章程提取 10%法定盈余公积金 710.6 万元，10%法定公益金 710.6 万元，10%任意盈余公积金 710.7 万元，合并子公司提列储备 58.5 万元，共计提取 2,190 万元，加上上年度未分配利润 513 万元，可供股东分配的利润为 5,429 万元。

根据国际会计师安达信公司的审计，公司 1999 年实现税后利润 6,420 万元，提取法定盈余公积金、法定公益金、任意盈余公积金后，加上上年度未分配利润 907 万元，可供股东分配的利润为 5,137 万元。

根据公司章程有关规定，按照孰低原则进行分配。因此，本年度可供股东分配的利润为 5,137 万元，其中 3,500 万元纳入分红派息，余额 1,637 万元，结转下年度分配。

公司 1999 年度分红预案：按 1999 年末总股本 350,014,975 股计算，每 10 股派 1 元现金（含税），B 股的现金股利折算成港币支付。

（2）本年度公司不以资本公积金转增股本。

8、公司选定《中国证券报》、《大公报》为信息披露报纸。

（六）监事会报告

报告期内，监事会召开了两次会议。监事会二届五次会议于 1999 年 4 月 15 日上午在公司本部举行。会议审议通过了公司 1998 年度报告、1998 年利润分配预案、1998 年度财务决算和 1999 年度财务预算报告、监事会报告。监事会二届六次会议于 1999 年 8 月 18 日上午在公司本部举行。会议审议通过了公司 1999 年中期报告。

对下列事项，监事会特发表独立意见如下：

1、公司决策程序合法，已建立了比较完善的内部控制制度，公司董事、经理执行公司职务时无违反法律、法规、公司章程或损害公司利益的行为。

2、大连信义会计师事务所有限公司和安达信公司均出具了无保留意见的审计报告。财务报告真实反映了公司的财务状况及经营成果。

3、公司 1998 年 B 股发行募集资金实际投入项目和承诺投入项目基本一致，其中有一个项目发生变更（由合资开发风冷换热器变更为独立开发），变更程序合法。

4、报告期内公司无重大收购、出售资产行为。

5、报告期内公司所发生的关联交易包括向关联公司购买商品及收购股权。上述关联交易公平，未损害公司利益。

（七）重要事项

1、 本年度公司无重大诉讼、仲裁事项。
2、 报告期内公司、公司董事及高级管理人员均未受监管部门处罚。
3、 报告期内公司控股股东未有变更。报告期内公司总经理发生变更，原公司董事长兼总经理张和先生不再担任公司总经理，由穆传江先生担任。报告期内公司董事会秘书未有变更。相关信息披露刊登于 1999 年 4 月 19 日《中国证券报》、《香港商报》。
4、 报告期内公司无重大收购及出售资产、吸收合并等事项。
5、 重大关联交易事项

（1） 购买商品发生的关联交易，详见“会计报表附注”。

（2） 股权转让发生的关联交易：报告期内公司与母公司大连冰山集团有限公

司签署股权转让协议，公司以每股 1.00 元的价格受让冰山集团持有的原君安证券有限责任公司 3,500 万股份，转让总金额 3,500 万元。公司以冰山集团所欠 3,350 万元欠款冲抵，余额 150 万元以现金支付。相关信息披露刊登于 1999 年 7 月 12 日《中国证券报》。

6、 公司与控股股东冰山集团之间在人员、资产、财务上已基本分开。

7、 报告期内公司未发生托管、承包、租赁其他公司资产或其他公司托管、承包、租赁公司资产的事项。

8、 报告期内公司会计师事务所未有变更。大连中华会计师事务所根据国家有关规定，更名为大连信义会计师事务所有限公司。

9、 因执行财政部《关于印发〈股份有限公司会计制度有关会计处理问题补充规定〉的通知》（财会字[1999]35 号文）对公司财务状况及经营成果产生的影响，详见“会计报表附注”。

10、 中国加入 WTO 对公司影响。

中国加入 WTO 将会对公司带来比较小的冲击。目前，公司的主要竞争对手已不仅仅局限于国内几大制冷设备制造企业，与国际知名品牌的竞争业已在不同的层面展开，包括国内市场上与其合资企业的竞争、国际市场上直接的竞争。公司目前约 10%的产品销往国外，在性能价格比上已具备了同国际知名品牌相抗衡的实力。

（八）财务会计报告

1、审计报告

致：大连冷冻机股份有限公司全体股东

我们已对大连冷冻机股份有限公司（以上简称“贵公司”）及其子公司（以下与贵公司合称“贵集团”）一九九九年及一九九八年十二月三十一日的合并资产负债表及截至该日止各年度的合并利润及利润分配表及合并现金流量表进行审计。编制合并财务报表是贵公司管理阶层的责任，我们的责任是依据我们的审计对此合并财务报表发表意见。

我们的审计是依据国际会计师联合会颁布的国际审计准则进行的。此准则要求我们规划和执行审计工作以期能就财务报表是否存有重大错误，作合理的确定。审计工作包括抽查与财务报表所载数额和披露事项有关的原始凭证，评价贵集团管理阶层所采用的会计原则和所作出的重大会计估计，及衡量财务报表的整体呈列。我们相信，我们的审计工作已为下列意见建立了合理的基础。

我们认为，上述合并财务报表在所有重大方面公允地反映了贵集团一九九九年及一九九八年十二月三十一日的合并财务状况及截至该日止各年度的合并经营成果和合并现金流量，并符合国际会计准则委员会颁布的国际会计准则。

Arthur Andersen & Co.

中国，香港

2000 年 3 月 24 日

2、会计报表（附后）

3、会计报表附注（除另有说明外，所有金额均以人民币千元为单位）

1． 组织结构及主要业务活动

大连冷冻机股份有限公司（“本公司”）于一九九三年十二月十八日在中华人民共和国注册成立。本公司及其子公司（以下合称“本集团”）主要从事生产、销售及安装制冷设备。

本公司分别于一九九三年九月二十一日及一九九八年一月八日经有关单位同意发行境内上市人民币普通股(“Ａ股”)38,150,000 股及境内上市外资股(“Ｂ股”) 115,000,000 股，每股面值人民币 1 元。本公司之Ａ股及Ｂ股均在深圳证券交易所上市。

2． 合并财务报表的编制基准

合并财务报表均根据国际会计准则编制。此会计准则与本集团编制法定帐目（“法定帐目”）时所采用的中国会计准则以及适用于股份有限公司的有关财务及会计制度之间存在若干差异。为符合国际会计准则对法定帐目所作调整的净影响揭示于注释 22。

3． 主要会计政策

为编制符合国际会计准则的合并财务报表而采用的会计政策如下:

(a) 合并报表的编制方法

本集团的合并财务报表包括本公司及其子公司的财务报表。截至一九九九年十二月三十一日，本公司直接持有下列在中国注册成立的子公司及联营公司的股权。

名称	注册日期	注册资本	持股比例	主要业务	所得税率
(a) 子公司					
大连冰山集团制冷空调安装公司	一九八八年一月九日	人民币15,000,000	100%	安装及调试制冷设备	33%
大连经济技术开发区冰山经贸公司	一九八九年五月十八日	人民币5,400,000	100%	批发及零售机械设备	15%
大连冰山集团进出口公司	一九八八年八月十日	人民币1,200,000	100%	进口原料及出口产品	33%
大连经济技术开发区大冷经贸公司	一九九二年七月六日	人民币 600,000	100%	批发及零售仪器仪表	15%
大连冰山空调设备有限公司	一九九五年十二月二十二日	日元700,000,000	70%	生产及销售制冷配套设备	15%
大连冰山金属加工有限公司	一九九八年一月二十一日	美元 2,100,000	60%	加工及销售板金冲压件	15%
大连冰山集团销售有限公司（“销售公司”）	一九九八年三月十二日	人民币3,000,000	90%	销售制冷空调冷链	15%
(b) 联营公司					
大连三洋压缩机有限公司（“三洋压缩机”）	一九九四年九月十五日	日元6,200,000,00	40%	生产及销售半封闭压缩机	15%
大连三洋制冷有限公司（“三洋制冷”）	一九九二年九月十一日	日元2,000,000,00	40%	生产及销售吸收式溴化锂制冷机	15%
大连三洋冷链有限公司（“三洋冷链”）	一九九四年一月十一日	日元1,400,000,00	40%	生产及销售超级市场冷冻冷藏设备	15%
大连大洋运输冷冻工程有限公司（“大洋运输”）	一九九二年十二月十一日	美元 850,000	40%	安装运输冷藏设备	24%
大洋汽车空调工程(大连)有限公司（“大洋汽车”）	一九九三年十月十日	美元 12,000,000	30%	生产及销售汽车空调系统	15%
大连明华电子有限公司（“明华电子”）	一九九四年十一月十七日	日元300,000,000	30%	生产及销售电子控制线路板	15%
大连本庄化学有限公司（“本庄化学”）	一九九三年三月十九日	日元260,000,000	30%	生产及销售溴化锂溶液	15%
大冷王运输制冷有限公司	一九九〇年十	美元 3,000,000	25%	生产及销售冷藏运	15%

(“大冷王运输”)	二月一日			输车的制冷设备	
大连三洋空调机有限公司(“三洋空调”)	一九九五年十二月二十日	日元1,400,000,00	40%	生产及销售空调机	15%
大连三洋饮食设备有限公司(“三洋饮食”)	一九九五年十二月二十二日	日元1,000,000,00	40%	生产及销售冷藏冷冻柜	15%
大连三洋家用电器有限公司(“三洋家电”)	一九九五年十月二十七日	日元600,000,000	40%	生产及销售小型家用电器	15%

在编制合并财务报表时，所有本集团间的重大内部交易及余额已予抵销。

(b) 收入认列

销售收入

- 产成品销售业务

  产成品销售收入包括制冷压缩机/机组，辅机等的销售收入，系指发票金额（不含增值税）扣除销售折让后的净额，在产品所有权转移给客户时认列。

- 安装业务

  安装收入采用完工百分比法确认入帐。当合同预计总成本将超过总收入，则立即确认为当年度损失。

利息收入

利息收入按使用本集团现金的时间和适用利率计算确认。

(c) 坏帐准备

坏帐准备系按年末应收帐款余额之可回收性提列。

(d) 固定资产及折旧

固定资产按原值减累计折旧计价。固定资产之原值包括购买价及使该项资产达到设定用途之状态而应占之直接费用。在固定资产投入运作后，维修保养费用作为支出年度的费用。倘若支出具有未来重大经济效益，则该等支出作为资本支出。

折旧系按固定资产原值减去估计残值后在估计使用年限内按直线法计提。主要估计的使用年限如下：

房屋及建筑物	20-40 年
机器设备	10-28 年
运输设备	5-20 年
办公及其他设备	5-16 年

固定资产出售或报废时，除冲销其相关成本及累计折旧外，所产生的处分收益或损失列入当年度利润表。

(e) 在建工程

在建工程指建造或安装中之房屋及建筑物及其附属设施，按成本列记。成本包括建筑工程及购置成本，以及建筑、安装及测试年度发生与该等资产有关的借款利息支出。当该等资产开始使用，有关成本将转至固定资产，并按照上述折旧政策提列折旧。

(f) 土地使用权

土地使用权按原值减累计摊销计价，以直线法在五十年内摊销。

(g) 商誉

商誉是指收购成本超过本公司所收购可辨认资产和负债的公允价值，以直线法在十年内摊销。

(h) 子公司

子公司是指本公司：(i)在该公司直接或间接持有其 50%以上股权且意图长期持有具有表决权的股份或权益的长期投资；及／或(ii)在该公司董事会／管理委员会的会议上行使大部分表决权的公司。

(i) 长期投资

于联营公司的长期投资按权益法列记。联营公司是指子公司以外，本公司直接或间接持有其不低于 20%且不高于 50%的股本权益，并对该公司财务及经营决策具有重大影响力的公司。

其他长期投资以投资成本减永久性减值准备列记。自被投资公司宣告分派利润或现金股利，列为当年度投资收益。

(j) 存货

存货按成本（以加权平均法计价）与可变现净值孰低列记。在产品和产成品的成本包括直接材料、直接人工及分配之制造费用。可变现净值按估计销售净额减尚需投入的生产成本及销售费用计算。当存货有过时、滞销或破损时则计提存货损失准备。

(k) 税项

本集团的所得税是依据法定帐目的税前利润，增减不须课税或不可扣除的各项收支项目计算，并考虑所有的税赋优惠计算。

其他税项依照适用于本集团的中国有关税收法规提列。

递延税项系采用资产负债表的负债法计提，该法系按财务报告计算的资产与负债与按税法计算的资产与负债之间重大的临时性差异计算。递延税项资产，除可合理估计未来有足够的应课税利润用来抵扣该项递延税项资产外，不予确认。

(l) 外币换算

本公司及其子公司之会计帐目及记录均以人民币为记帐本位币，人民币为不可自由兑换的货币。外币交易均以交易当日的适用汇率换算为人民币。于资产负债表日，以外币计价的货币性资产和负债乃按该日的适用汇率折算成人民币。以外币计价的非货币性资产和负债乃按历史汇率折算成人民币。以外币计价的货币性资产和负债因交易日以后汇率变动而产生的汇兑损益均列入当年度损益。

(m) 关联企业

关联企业系企业在财务或经营决策中，如果一方直接或间接地控制或重大影响另一方，则将其视为关联企业。如果两方同受一方控制或重大影响，亦将其视为关

联企业。

(n) 退休金费用

支付给由政府管理的退休金计划的基本养老保险费在提取时计入当年度损益。

4. 销售收入

	一九九九	一九九八
成套及配套工程		
一制冷压缩机/机组	256,068	194,827
一安装业务	78,128	82,347
制冷压缩机/机组	291,609	249,828
辅机	46,381	54,546
其他	36,464	53,939
	708,650	635,487
减：销售附加税（注释 8）	(2,116)	(1,581)
	706,534	633,906

5. 销售成本

	一九九九	一九九八
成套及配套工程		
一制冷压缩机/机组	217,197	165,236
一安装业务	65,867	50,506
制冷压缩机/机组	243,637	199,044
辅机	33,967	38,128
其他	23,935	43,106
	584,603	496,020

6. 投资收益

	一九九九	一九九八
长期投资一权益法		
三洋压缩机	680	2,572
三洋制冷	22,909	16,562
三洋冷链	5,063	7,426
大洋运输	181	623
大洋汽车	533	571
明华电子	(1,161)	3,501
本庄化学	2,187	1,436
大冷王运输	5,363	3,142
三洋空调	4,560	307

三洋饮食	(3,781)	(1,387)
三洋家电	(3,616)	(686)
	32,918	34,067
长期投资—成本法	9,269	935
	42,187	35,002

7．除税及少数股东权益前利润

除税及少数股东权益前利润已计入或扣除下列各项:

	一九九九	一九九八
计入:		
投资收益	42,187	35,002
利息收入	13,497	17,347
扣除:		
利息费用	17,753	23,727
提列坏帐准备	4,925	9,271
提列存货损失准备	4,471	-
固定资产折旧	21,195	19,437
商誉及土地使用权摊销	1,636	1,024
提列职工福利费	12,316	11,171
提列职工退休金	7,065	6,312

本集团按职工工资总额的不同比例提拨职工福利。职工福利包括职工福利金、住房公积金、医疗保险、工会经费、待业保险金等。

各项职工福利的计提比例（占职工工资总额）如下:

	计提比例
职工福利金	14%
住房公积金	12%
医疗保险	11%
工会经费	2%
待业保险金	3%
工伤基金	0.7%
生育基金	0.5%

本集团参加由一政府机构管理的确定提拨的统筹退休金计划。本集团全体退休职工均有权每年从该政府机构领取相当于退休时基本工资的退休金。本集团须按照职工基本工资总额的 24%计提（其中本集团负责 19%，其余由职工负责），交由中国政府有关部门统筹安排，退休职工的退休金由该部门统筹支付。

本集团除上缴前述统筹退休金外，无义务再支付任何职工退休金。

8． 税项

(a) 增值税

本集团依法缴纳增值税。增值税为价外税，一般税率为 17%。依增值税法规定，购进半成品或原材料等所支付的增值税可抵扣销售货物时应缴纳的增值税。

(b) 销售附加税

本集团缴纳以下销售附加税：

- 城市维护建设税，税额按应付增值税净额的 7%计征；
- 教育费附加，税额按应付增值税净额的 3%计征。

(c) 企业所得税

依据大连市财政局及大连市地税局一九九七年十月二十一日颁发的大财税字[1997]155 号文件，自一九九七年一月一日起本公司的企业所得税先按课税所得的 33%计征，再按本公司纳税所得的 18%由大连市财政局返还，实际企业所得税的税负为 15%。

然而，根据二〇〇〇年一月十一日国发[2000]2 号文，本公司自二〇〇〇年一月一日起上述财政返还需取得国务院批准，本公司无法保证继续获得上述财政返还的优惠政策。目前本公司正与政府有关部门协调此事宜。

于一九九九年度和一九九八年度，所得税费用的明细如下：

	一九九九	一九九八
当年度所得税	9,304	12,258
所得税返还	(5,075)	(6,686)
	4,229	5,572

当期所得税费用与按会计所得额计算之所得税费用的调节表如下所示：

	一九九九	一九九八
除税及少数股东权益前利润	70,554	72,264
按适用税率 15%计算的所得税额	10,583	10,840
不须课税的收益或不可抵扣的费用之影响	(6,354)	(5,268)
当年度所得税费用	4,229	5,572

9． 固定资产

固定资产之变动如下：

	一九九九					一九九八
	房屋及建筑物	机器设备	运输设备	办公及 其他设备	合计	合计
原值						

年初余额	162,532	239,272	10,393	42,775	454,972	388,983
本年增加	15,648	3,104	869	2,666	22,287	66,462
本年减少	-	(572)	-	-	(572)	(473)
年末余额	178,180	241,804	11,262	45,441	476,687	454,972
累计折旧						
年初余额	56,142	82,231	4,049	15,663	158,085	138,821
本年增加	4,609	10,343	1,706	4,537	21,195	19,437
本年减少	-	(425)	-	-	(425)	(173)
年末余额	60,751	92,149	5,755	20,200	178,855	158,085
净值						
年末净值	117,429	149,655	5,507	25,241	297,832	296,887
年初净值	106,390	157,041	6,344	27,112	296,887	250,162

10．土地使用权

	一九九九	一九九八
原值	43,235	43,235
减：累计摊销	(1,994)	(1,126)
	41,241	42,109

11．长期投资

	一九九九	一九九八
长期投资－权益法:		
三洋压缩机	60,658	62,378
三洋制冷	89,950	81,441
三洋冷链	59,913	59,450
大洋运输	4,531	7,886
大洋汽车	17,849	17,317
明华电子	12,310	15,271
本庄化学	7,281	6,212
大冷王运输	13,062	12,199
三洋空调	45,704	41,144
三洋饮食	20,725	24,506
三洋家电	12,423	16,039
	344,406	343,843
长期投资－成本法		
国泰君安	37,890	---
其他	7,641	5,393
	45,531	5,393

	389,937	349,236

本公司于一九九七年五月委托大连冰山集团有限公司（“冰山集团”）投资于君安证券有限公司（“君安”）人民币 35,000,000 元，帐列应收冰山集团款项。一九九八年君安实施公司重组，以与国泰证券有限公司合并成立国泰君安。本公司于一九九九年收回此项投资股权及增加投资额至人民币 37,890,000 元，增资后占国泰君安股份 1.02%。一九九九年度本公司投资收益计人民币 8,640,000 元。

12．存货

	一九九九	一九九八
原材料	31,670	23,457
在产品	149,521	113,896
产成品	163,814	193,799
	345,005	331,152
减：存货损失准备	(4,471)	-
	340,534	331,152

13．应收票据及帐款

	一九九九	一九九八
应收票据	4,027	6,047
应收帐款	118,648	84,921
	122,675	90,968
减：坏帐准备	(16,026)	(11,101)
	106,649	79,867

14．现金及银行存款

	一九九九	一九九八
现金	83	55
银行活期存款	57,011	35,611
银行定期存款	270,731	280,647
	327,825	316,313

15．股本

于一九九九年及一九九八年十二月三十一日股本（每股面值 1 元）包括如下：

	持股比例	股数（千股）	金额

国家股	29.8%	104,423	104,423
法人股	9.2%	32,222	32,222
境内上市人民币普通股（“A 股”）	28.1%	98,370	98,370
境内上市外资股（“B 股”）	32.9%	115,000	115,000
	100%	350,015	350,015

国家股、法人股及 A 股只能由中国的投资者拥有和交易，而 B 股只能由境外的投资者拥有和交易。

16.储备

(a) 资本公积金

依照本公司章程规定，下列项目应记入资本公积金：

(i)股票溢价；(ii)受赠资产；(iii)资产重估增值部分；及(iv)其他章程及政府 规定的项目。资本公积金可用于弥补以前年度亏损或转增股本。

(b) 法定盈余公积金

根据中国公司法和本公司章程，本公司须按中国会计制度编制的法定帐目税后利润（弥补以前年度亏损）提取 10%的法定盈余公积金。当该公积金余额达到本公司股本的 50%时可不再提取。

法定盈余公积金经批准后，可用于转增资本或弥补以前年度亏损，但法定盈余公积金于转增股本后，其余额不得低于本公司股本的 25%。

(c) 法定公益金

根据中国有关财务规定和本公司章程，本公司应根据中国会计制度编制的法定帐目税后利润提取 5%至 10%的法定公益金，作为职工集体福利的资本性支出。

(d) 任意盈余公积金

任意盈余公积金系按股东大会决议提取。

17.股利

(a) 依照本公司章程规定，法定盈余公积金、法定公益金及任意盈余公积金须依照中国会计准则及财务规定计算的税后利润提取。股利分派按中国会计准则及财务规定编制的法定帐目及国际会计准则编制的报表，两者可分配利润较低额作为分派基础。

本公司董事会决议本公司按一九九九年度法定税后利润的 10%分别提列法定盈余公积金、法定公益金及任意盈余公积金，并分配每股人民币 0.1 元的现金股利。

依照法定帐目编制的财务报表及依照国际会计准则编制的财务报表中法定盈余公积金，法定公益金及任意盈余公积金的提取分析如下：

	按法定帐目编制的财务报表	按国际会计准则编制的财务报表

未分配利润，年初余额	16,339	4,272
法定帐目会计政策变更对以前年度未分配利润的影响	(11,208)	4,803
除税及少数股东权益后利润	71,064	64,200
利润分配:		
一法定盈余公积金	(7,106)	(7,106)
一法定公益金	(7,106)	(7,106)
一任意盈余公积金	(7,107)	(7,107)
一合并子公司提列储备	(585)	(585)
可供股东分配的利润	54,291	51,371
分派现金股利	(35,001)	(35,001)
未分配利润，年末余额	19,290	16,370

此项分配方案尚需股东大会批准。

(b) 销售公司根据董事会决议提取了一九九九年度的法定盈余公积金和法定公益金。在本合并会计报表中，已按本公司拥有销售公司的股权比例，将该法定盈余公积金和法定公益金中属于本公司的部分提列储备。

18. 每股盈利

一九九九年度每股盈利系以除税及少数股东权益后利润约人民币 64,200,000 元（一九九八年：人民币 65,168,000 元）除以 350,014,975 股（一九九八年：加权平均股数 330,795,797 股）计算。

19. 长期借款

	一九九九	一九九八
一年内	22,300	12,000
一年以上但不超过两年	4,192	8,300
两年以上但不超过五年	-	4,050
	26,492	24,350
减:一年内到期部分	(22,300)	(12,000)
	4,192	12,350

长期借款均由冰山集团担保，其年利率介于 2%至 7.65%之间（一九九八：3.84%至 6.38%）。

20. 短期银行借款

短期银行借款年利率介于 5.58%至 6.39%之间（一九九八：6.12%至 7.11%），均由冰山集团担保。

21．关联企业交易

(a) 关联企业名称与关系

名　称	与本公司之关系
冰山集团	本公司之最大股东
三洋制冷	本公司之联营公司
三洋冷链	本公司之联营公司
三洋空调	本公司之联营公司
三洋压缩机	本公司之联营公司
大洋汽车	本公司之联营公司
大洋运输	本公司之联营公司
明华电子	本公司之联营公司
本庄化学	本公司之联营公司
大冷王运输	本公司之联营公司
冰山集团上海销售分公司（“上销公司”）	冰山集团之全资子公司
冰山集团冷饮设备有限公司（“冷饮设备”）	冰山集团之全资子公司
大连第一制冷设备厂（“第一制冷”）	冰山集团之全资子公司
大连第三制冷设备厂（“第三制冷”）	冰山集团之全资子公司

名　称	与本公司之关系
大连开关总厂（“开关总厂”）	冰山集团之全资子公司
金州重型机器厂	冰山集团之全资子公司
冰山冷冻设备有限公司（“冷冻设备”）	冰山集团之控股子公司
大连冰山橡塑股份有限公司（“大连橡塑”）	冰山集团之控股子公司
大连冰山巴尔的摩空气盘管制冷有限公司（“巴尔的摩”）	冰山集团之控股子公司
大连正兴开关厂（“正兴开关”）	冰山集团之联营公司
大连斯频德冷却塔有限公司（“斯频德”）	冰山集团之联营公司

(b) 与关联企业间之重大交易

	一九九九	一九九八
采购产成品		
—三洋制冷	74,413	80,646
—三洋空调	54,631	78,798
—三洋冷链	45,590	43,991
—三洋压缩机	30,046	30,147
—开关总厂	16,184	19,552
—冷冻设备	15,257	-
—巴尔的摩	14,474	-
—斯频德	12,981	-
—第一制冷	10,775	12,269
—第三制冷	9,724	8,713
—冷饮设备	3,851	-

一正兴开关	2,106	-
一其他	184	-
	290,216	274,116
支付管理费/综合服务费		
一冰山集团	-	800
收取借款利息		
一冰山集团	-	5,145

(c) 与关联企业间之重大余额

于一九九九年及一九九八年十二月三十一日：

	一九九九	一九九八
应收关联企业		
一三洋制冷	13,719	31,333
一第一制冷	7,990	4,390
一金州重型机器厂	6,111	-
一大洋汽车	4,198	4,997
一三洋冷链	2,994	-
一大洋运输	2,537	-
一大冷王运输	2,000	-
一开关总厂	1,825	2,938
一上销公司	1,098	-
一冰山集团	-	22,930
一其他	1,443	234
合计	43,915	66,822
应付关联企业		
一冰山集团	25,963	-
一冷饮设备	5,718	4,535
一冷冻设备	5,320	2,434
一巴尔的摩	4,294	-
一大连橡塑	2,311	-
一三洋压缩机	1,594	360
一斯频德	1,300	-
一正兴开关	1,040	-
一三洋冷链	-	2,082
一其他	1,265	2,307
合计	48,805	11,718

自一九九八年起，根据本公司与冰山集团的协议，本公司应向冰山集团每年支付不高于人民币 3,000,000 元的综合服务费。根据本公司与冰山集团于一九九九年十二月二十五日签署的协议，冰山集团免除本公司一九九九年当年度的综合服务费。

本集团与关联公司之往来余额均无担保，不计息且无固定偿还期限。

22．按国际会计准则所作之调整对除税及少数股东权益后利润及股东权益的影响

	除税及少数股东权益后利润		股东权益	
	一九九九	一九九八	一九九九	一九九八
本集团法定帐目金额	71,064	70,533	1,059,514	1,039,438
法定帐目会计政策变更对以前年度利润及股东权益的影响	-	(5,174)	-	(16,011)
调整后本集团法定帐目金额	71,064	65,359	1,059,514	1,023,427
提列坏帐准备	(3,841)	(3,018)	-	3,841
提列存货损失准备	(4,471)	2,208	-	4,471
销售收入截止	(1,222)	(1,489)	638	1,860
权益法核算投资收益	1,821	585	(2,052)	(3,873)
其他	849	1,523	(1,228)	(2,077)
根据国际会计准则本集团调整后金额	64,200	65,168	1,056,872	1,027,649

23．承诺事项及或有负债

截止一九九九年及一九九八年十二月三十一日，本公司无重大承诺事项及或有负债。

24．比较数字

合并财务报表中一九九八年的若干比较数字已经重新编排分类以配合一九九九年的表达方式。

（九）公司的其他有关资料

1、 公司首次注册登记日期：1993 年 12 月 18 日
地址：大连市沙河口区西南路 888 号
2、 企业法人营业执照注册号：大工商企法字 21020011003266-1368
3、 税务登记号码：国税大字节 210204242361300
地税大三字 210204242361303
4、 公司未流通股票的托管机构名称：深圳证券登记有限公司
5、 公司聘请的会计师事务所
境内会计师事务所：大连信义会计师事务所有限公司
办公地址：大连市长江路十二号海港大厦 26 号
境外会计师事务所：安达信公司
办公地址：香港中环干诺道中 111 号

（十）备查文件目录

1、载有法定代表人、总会计师、会计主管人员签名盖章的会计报表。
2、载有会计师事务所盖章、注册会计师签名并盖章的审计报告原件。
3、报告期内在中国证监会指定报纸上公开披露过的所有公司文件的正文及公告

的原稿。

查询时间：星期一至星期五
8:00—12:00(AM)
1:00— 5:00(PM)
联系人员：宋文宝、邱涛
联系电话：0086-411-6653081-8130
传　　真：0086-411-6654530

大连冷冻机股份有限公司及其子公司
合并利润表
一九九九年度及一九九八年度

（所有金额除每股盈利外，均以人民币千元为单位）

	注释	一九九九	一九九八
销售收入，净额	4	706,534	633,906
销售成本	5	(584,603)	(496,020)
销售毛利		121,931	137,886
其他业务收入		38,894	49,556
销售费用		(32,160)	(30,084)
管理费用		(64,306)	(69,795)
其他业务支出		(31,736)	(43,921)
营业利润		32,623	43,642
财务费用，净额		(4,256)	(6,380)
投资收益	6	42,187	35,002
除税及少数股东权益前利润	7	70,554	72,264
税项	8	(4,229)	(5,572)
除少数股东权益前税后利润		66,325	66,692
少数股东权益		(2,125)	(1,524)
除税及少数股东权益后利润	22	64,200	65,168
每股盈利	18	人民币 0.18 元	人民币0.20 元

大连冷冻机股份有限公司及其子公司
合并资产负债表
一九九九年及一九九八年十二月三十一日

（所有金额均以人民币千元为单位）

	注释	一九九九	一九九八
资产			
非流动资产			
固定资产，净额	9	297,832	296,887
在建工程		2,489	9,416
土地使用权，净额	10	41,241	42,109
商誉，净额		6,714	7,482
递延资产，净额		4,830	5,980
长期投资	11	389,937	349,236
非流动资产合计		743,043	711,110
流动资产			
存货，净额	12	340,534	331,152
应收票据及帐款，净额	13	106,649	79,867
应收关联企业款项	21	43,915	66,822
待摊费用及其他应收款		19,763	25,798
预付帐款		26,037	15,272
现金及银行存款	14	327,825	316,313
流动资产合计		864,723	835,224
资产总计		1,607,766	1,546,334

大连冷冻机股份有限公司及其子公司
合并资产负债表（续）
一九九九年及一九九八年十二月三十一日

(所有金额均以人民币千元为单位)

	注释	一九九九	一九九八
负债及股东权益			
股东权益			
股本	15	350,015	350,015
储备	16	706,857	677,634
股东权益合计	22	1,056,872	1,027,649
少数股东权益		26,174	24,410
长期借款，减一年内到期部分	19	4,192	12,350
流动负债			
短期银行借款	20	249,850	242,850
一年内到期的长期借款	19	22,300	12,000
应付票据及帐款		97,960	102,787
预收货款		59,158	73,851
应付工资		667	870
应付福利费		3,495	4,030
应付关联企业款项	21	48,805	11,718
应付股利		32,642	32,225
预提费用及其他流动负债		5,651	1,594
流动负债合计		520,528	481,925
负债及股东权益总计		1,607,766	1,546,334

大连冷冻机股份有限公司及其子公司
合并股东权益增减变动表
一九九九年度及一九九八年度

（所有金额均以人民币千元为单位）

	股本	储备 资本公积金	法定 盈余公积金	法定公益金	任意 盈余公积金	未分配利润	储备合计	股东权益 合计
	注释 15	注释 16(a)	注释 16(b)	注释 16(c)	注释 16(d)	注释 17		
1998 年 1 月 1 日余额	235,015	307,880	59,213	25,850	11,398	(4,735)	399,606	634,621
1998 年度股票发行收入	115,000	272,967	-	-	-	-	272,967	387,967
1998 年度股票发行费用	-	(25,222)	-	-	-	-	(25,222)	(25,222)
受赠资产及其他	-	116	-	-	-	-	116	116
1998 年度净利润	-	-	-	-	-	65,168	65,168	65,168
利润分配								
一提取法定盈余公积金	-	-	7,053	-	-	(7,053)	-	-
一提取法定公益金	-	-	-	7,053	-	(7,053)	-	-
一提取任意盈余公积金	-	-	-	-	7,054	(7,054)	-	-
一现金股利	-	-	-	-	-	(35,001)	(35,001)	(35,001)
1998 年 12 月 31 日余额	350,015	555,741	66,266	32,903	18,452	4,272	677,634	1,027,649
法定帐目会计政策变更而调整以前年度之利润分配(注释 17(a))	-	-	(1,601)	(1,601)	(1,601)	4,803	-	-
调整后 1998 年 12 月 31 日余额	350,015	555,741	64,665	31,302	16,851	9,075	677,634	1,027,649
受赠资产及其他	-	24	-	-	-	-	24	24
1999 年度净利润	-	-	-	-	-	64,200	64,200	64,200
利润分配（注释 17）								
一提取法定盈余公积金	-	-	7,106	-	-	(7,106)	-	-
一提取法定公益金	-	-	-	7,106	-	(7,106)	-	-
一提取任意盈余公积金	-	-	-	-	7,107	(7,107)	-	-
一合并子公司提列储备	-	-	390	195	-	(585)	-	-
一建议股利分配	-	-	-	-	-	(35,001)	(35,001)	(35,001)
1999 年 12 月 31 日余额	350,015	555,765	72,161	38,603	23,958	16,370	706,857	1,056,872

大连冷冻机股份有限公司及其子公司
合并现金流量表
一九九九年度及一九九八年度

（所有金额均以人民币千元为单位）

	一九九九	一九九八
营业活动之现金流量		
除税及少数股东权益前利润	70,554	72,264
调整项目:		
提列坏帐准备	4,925	9,271
提列存货损失准备	4,471	-
固定资产折旧	21,195	19,437
土地使用权、商誉及递延资产摊销	2,944	1,946
处置固定资产损失	117	14
依权益法认列联营公司投资收益	(32,918)	(34,067)
其他投资收益	(9,269)	(935)
利息收入	(13,497)	(17,347)
利息费用	17,753	23,727
应收票据及帐款增加	(31,707)	(25,547)
存货增加	(13,853)	(65,566)
应收关联企业款项增加	(16,557)	(12,509)
预付帐款、待摊费用及其他应收款（增加）减少	(5,062)	12,890
应付票据及帐款、预收货款及其他流动负债增加	4,055	55,999
应付关联企业款项增加（减少）	26,645	(2,574)
营业活动产生的现金	29,796	37,003
支付所得税	(20,283)	(9,143)
收取利息	13,888	12,202
支付利息	(17,753)	(23,906)
营业活动之净现金流入	5,648	16,156

	一九九九	一九九八
投资活动之现金流量		
购置固定资产及在建工程	(19,562)	(64,751)
处置固定资产价款	30	8
递延资产增加	(158)	(4,109)
长期投资增加	(2,308)	(107,068)
收取联营公司利润	36,819	8,504
收取其他投资收益	6,320	3,694
收回其他长期投资	60	-
投资活动之净现金流入（流出）	21,201	(163,722)
融资活动之现金流量		
短期银行借款净增加	7,000	29,700
长期借款增加	14,142	9,000
偿还长期借款	(12,000)	(12,700)
股票发行股款收入	-	387,967
支付股票发行费用	-	(21,187)
支付股利	(24,503)	(49,455)
少数股东权益增加	-	7,255
其他	24	116
融资活动之净现金（流出）流入	(15,337)	350,696
现金及银行存款净增加	11,512	203,130
现金及银行存款，年初余额	316,313	113,183
现金及银行存款，年末余额	327,825	316,313

Dalian Refrigeration Co., Ltd.

’99 ANNUAL REPORT

Important:
The Board of Directors of Dalian Refrigeration Co., Ltd. (hereinafter referred to as the Company) hereby confirms 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 completion of the whole contents.
This report is written both in Chinese and English. Should there be any difference in interpretation of the text of the two versions, the Chinese version shall prevail.

I. About the Company

1. Name of the Company in Chinese: **大连冷冻机股份有限公司**
   In English: Dalian Refrigeration CO., Ltd.
   Abbreviation in English: DRC
2. Legal Representative: Mr. Zhang He
3. Secretary of the Board of Directors: Ms. Lu Lianzhen
   Authorized Representative: Ms. Ge Yan
   Liaison Address: 888 Xinan Road, Shahekou District, Dalian
   Tel: 0086-411-6653081-8130
   Fax: 0086-411-6641470
4. Registered/Office Address: 888 Xinan Road, Shahekou District, Dalian
   Post Code: 116033
   Website: http://www.bingshan.com
   E-mail: dlzj@mail.dlptt.ln.cn
5. The Media the Company Selects to Disclose Information: China Securities Daily, Ta Kung Pao.
   The China Securities Regulatory Commission Designated Website Where the Annual Report Is Published: http://www.cninfo.com.cn
   The Place Where the Annual Report is Prepared and Placed: Securities Department of the Company
6. Stock Exchange Listed with: Shenzhen Stock Exchange
   Short Form of the Stock: DALENGGUFEN; DALENG-B
   Stock Code: 0530; 2530

II. Summary of Accounting Data and Business Data

1. Summary of main business data in the report period (in RMB’000)

Profit before taxation and minority shareholders’ equity	70,554
Profit after taxation and minority shareholders’ equity	64,200
Operating profit	32,623
Share of profit enjoyable from associated company	42,187

Net cash flow-in from operating activities	5,648
Net increase of cash and bank deposit	11,512

The net profit audited by Dalian Xinyi Certified Public Accounting Firm Ltd. in accordance with the Chinese Accounting Standards in 1999 was RMB 71.06 million, and that audited by Arthur Andersen & Co. in accordance with the International Accounting Standards was RMB 64.20 million, with the difference RMB 6.86 million.

Influence of the adjustment according to the International Accounting Standards on the profit: (in RMB' 000)

	1999	1998
Amount carried in legal account of the Company	71,064	70,533
Influence of the change in the accounting policy for legal account on the profit for the previous year	---	(5,174)
Adjusted amount carried in legal account of the Company	71,064	65,359
Provision for bad debts	(3,841)	(3,018)
Provision for inventory losses	(4,471)	2,208
Sales income ended	(1,222)	(1,489)
Income from investment calculated according to the equity method	1,821	585
Others	849	1,523
Amount after re-prepared according to the International Accounting Standards	64,200	65,168

2. Main accounting data and financial indexes in the past three years (by the end of the report period)

Items	1999	1998	1997
Net amount of sales income (in RMB' 000)	706,534	633,906	603,624
Operating profit (in RMB' 000)	32,623	43,642	67,844
Share of profit enjoyable from associated company (in RMB' 000)	42,187	35,002	58,591
Profit before taxation and minority shareholders' equity (in RMB' 000)	70,554	72,264	122,323
Profit after taxation and minority shareholders' equity (in RMB' 000)	64,200	65,168	113,517
Net assets (in RMB' 000)	1,056,872	1,027,649	650,252
Net assets per share (in RMB)	3.02	2.94	2.77
Earnings per share (in RMB)	0.18	0.20	0.49

Note 1: The above main accounting data and financial indexes were audited and prepared by Arthur Andersen & Co. according to the International Accounting Standards, only for B-share investors reference.

Note 2: There was no change in the shares of the Company from the end of the report period to the date of disclosing this summary.

3. Particulars about the changes in shareholders' equity in the report period (in RMB' 000)

Items	Amount at the beginning of the period	Increase as of the period	Decrease as of the period	Amount at the end of the period
Share capital	35,001.4975			35,001.4975
Capital public reserve	555,741	24		555,765
Surplus public reserve	117,621	21,904	4,803	134,722
Legal public welfare fund	32,903	7,301	1,601	38,603
Undistributed profit	4,272	69,003	56,905	16,370
Total	1,027,649	64,224	35,001	1,056,872

Reason of the changes: In the report period, the increase of the capital public reserve was due to the donated assets. The increase of the surplus public reserve and legal public welfare fund was due to that the Company allotted them from the profit for distribution in 1999, and the decrease was due to the retroactive adjustment. The increase of the undistributed profit was due to that the Company realized the profit and due to the retroactive adjustment in 1999, and the decrease was due to that the Company allotted the aforesaid reserves and distributed the cash dividends from the profit in 1999. The increase of the shareholders' equity was due to that the Company realized the profit and due to the donated assets, and the decrease was due to that the Company distributed the cash dividends from the profit in 1999.

III. Changes in Share Capital and Particulars about Shareholders

1. Changes in share capital

(1) Statement of Changes in Share Capital

Quantitative Unit: Share

	Amount at the beginning of the period	Amount at the end of the period
I. Shares unlisted		
1. Initiator shares	104,422,500	104,422,500
In which: State-owned shares	104,422,500	104,422,500
2. Raised legal person shares	32,222,250	32,222,250
3. Capitalized shares	8,935,425	8,935,425
Total of shares unlisted	145,580,175	145,580,175
II. Shares listed		
1. Common shares (in RMB)	89,434,800	89,434,800
2. Foreign-owned shares (B-share) listed domestically	115,000,000	115,000,000
Total of shares listed	204,434,800	204,434,800
III. Total shares	350,014,975	350,014,975

(2) The stocks issuing and listing

① The issuances of stocks in the past three years

In May, 1997, the Company rationed to all the shareholders the new shares based on a total share capital of 144,624,600 shares in 1996. The new shares were rationed on the basis of 3 shares for every 10 shares at a par value of RMB 4.80/share. 43,387,380 shares were rationed totally. 16,464,820 listable shares of the rationed shares were listed at Shenzhen Stock Exchange on Jun. 18, 1997.

From Feb. 27 to Mar. 2, 1998, the Company successfully rationed 115,000,000 B-shares at a par value of HKD 2.99 (equal to RMB 3.20) and the shares were listed at Shenzhen Stock Exchange on Mar. 20, 1998.

② Number of the shares and the shareholdings of the Company were not changed in the report period.

2. Particulars about shareholders

(1) By the end of the report period, number of the shareholders was 95,103 including 93,194 holding A-shares and 1,909 hold B-shares.

(2) Particulars about shares held by the major shareholders (the top ten shareholders)

Name of shareholders	Number at BOY (' 0000 shares)	Number at EOY (' 0000 shares)	Proportion to total share capital (%)	Type of shares
Dalian Bingshan Group Co., Ltd. (State-owned shares)	10,442.25	10,442.25	29.83	A
SANYO ELECTRIC CO., LTD.	3,500.15	3,500.15	10.00	B
China Merchants Bank Securities Dept.	599.91	531.98	1.52	B
Jilin Jiuzhou Development Co.	315.00	315.00	0.90	A
Taiyuan Zhaohe Investment Development Co.	315.00	315.00	0.90	A
Dalian Trust Investment Company	283.70	283.70	0.81	A
BONY A/C CMG CH CHINA INVESTMENTS LIMITED	254.46	211.67	0.60	B
WISEMAX INTERNATIONAL LIMITED	218.84	195.01	0.56	B
CHEUNG, KIN WA	195.00	189.93	0.54	B
Dalian Huaxin Trust Investment Co., Ltd.	179.50	179.50	0.51	A

There was no relationship in business between the top ten shareholders of the Company.

There was no pledge on the shares held by the shareholders holding over 5% of the total shares.

Based on Shares Subscription Agreement between the Company and Sanyo Electric Co., Ltd. signed on Dec. 4, 1997, 35,001,500 B-shares subscribed by Sanyo Electric Co., Ltd. as a strategic investor could not be transferred or sold in two years commencing from the offering date of DALENG B-shares (Mar. 20, 1998).

(3) Introduction to the legal person shareholders holding over 10% (including 10%) of the total shares of the Company

Dalian Bingshan Group Co., Ltd. (hereinafter referred to as the Group) held 29.83% of the total shares by the end of the year. The Group's legal representative is Zhang He. The Group is a large diversified enterprise group mainly engaged in the manufacture and installation of the complete sets of equipment of refrigeration, air conditioning, refrigerating units and electrical appliances, etc. for both industrial and commercial purposes. Its minor businesses include the electronic, household electrical appliances, light industry, chemical industry, import and export trading, etc. The Group owns total assets of RMB 5.6 billion at present. In 1999 the Group made sales income of RMB 3.16 billion, net profit of RMB 159 million and foreign exchange of more than USD 30 million.

Sanyo Electric Co., Ltd. held 10% of the total shares by the end of the year. Sanyo Electric Co., Ltd. is one of the principal manufacturers of electrical appliances in Japan.

(4) There were no changes in the holding shareholders of the Company in the report period.

IV. A Brief Introduction to the Shareholders General Meeting

The '98 Shareholders General Meeting of the Company was held on May 26, 1999 at the Cultural Hall of the Company. The notice about that shareholders general meeting was published on the China Securities Daily and Hong Kong Commercial Daily dated Apr. 19, 1999. The bulletin of the resolutions of that shareholders general meeting was published on the China Securities Daily and Hong Kong Commercial Daily dated May 27, 1999. 89 shareholders and shareholder proxies representing 183,957,777 shares (including 136,948,077 voting A-shares and 47,009,700 voting B-shares) which accounted for 52.56% of the total shares attended the meeting, meeting the regulations of the Company's Articles of Association and the Company Law.

The former director Yang Jun did not act as the director of the Company and was replaced by Mr. Chen Geng with designation of the board of directors.

V. Report of the Board of Directors

1. Operation of the Company

(1) Background of the industry

China's manufacture industry of refrigeration equipment took shape in the mid 1950s, when the Company was one of the major manufacturers. Since the reform and opening up in the end of the 1970s, China's manufacture industry of refrigeration equipment has rapidly grown along with the growth of the national economy and the improvement of people's living. Since 1993, in particular, China's manufacture industry of refrigeration equipment had an annual increase of over 20% in average in production value. Now, besides the Company, the major refrigeration equipment manufacturers in China are Wuhan Refrigeration Plant, Yantai Refrigeration Plant, Shanghai First Refrigeration Plant, Shanghai Refrigeration Plant and Beijing Refrigeration Plant.

The Company is the largest producer of industrial refrigeration equipment and the largest exporter of complete sets of refrigeration equipment in China, and owns the only famous trademark in the industry of industrial refrigeration equipment in China.

(2) The Company's main business scope and its business status

The main products of the Company are: piston and screw refrigeration compressors, lithium bromide absorption refrigerators, and pressure vessels, combined storage, gas-conditioned freshness-keeping storage, plate-type freezer, tunnel-type freezer, block ice maker, flake ice maker and ice particle maker in 5 series (refrigeration, freezing, air-conditioning, cold storage, and freshness keeping) and 6 packages (air-conditioning package, package of cold storage building, combined storage package, ice-making package, special engineering package, and gas-conditioned freshness-keeping package), which are used in the fields of national defense, scientific research, petroleum industry, chemical industry, textile industry, pharmacy, electricity generation, agriculture, stock raising, fishing and catering services.

① Benefited from the new marketing idea, outstanding achievements were made in the market opening.

Against the increasingly severe market competitions, the Company held such activities as "Show of the Bingshan Products" in ten cities in China, Southeast Asia Exhibition of Bingshan Refrigeration Equipment, Sodality of Bingshan with Craft Brothers in the World, Sodality of Bingshan for Serving the Fertilizer Industry, etc. These activities promoted setting up a good image of Bingshan, and effectively opened up the potential market. The strategy of product brand promotion got its effects gradually. In 1999 the Company made an income of RMB 706.53 million from the main business, with an increase of 11.46% compared with the same period in the last year.

Package projects were the effective channel of profit increase for the Company. Undertaking of the ultra-large package projects, represented by Fujian Guangze Chicken, Xi'an Yishida, Wu Liang Ye Afuke, Beijing Huiyuan and Dalian Zhoushuizi International Airport, proved that the Company had made a great leap on the aspect of package projects.

② Positive multi-channel cooperation promoted the internationalization.

Besides holding the existing shares in export market, the Company put its products to the markets of Australia and Africa for the first time. Breakthrough was made in cooperation with foreign trade companies and the agreement for jointly developing the market of South America has been signed with the national foreign trade company. Supported by the commercial counselors of the Ministry of Foreign Economic Relationship & Trade in the countries of Mid East, the development of Mid East market went well. Through the market investigation for more than one year, the idea of Africa market development has been clear.

③ With a view to the sustainable development, the Company made more efforts to the structural adjustment of products.

The top priority was given to the development of new products in the Company's structural adjustment of products to attain the trans-century development target. The Company purposively held several meetings with the topic of new products, emphasizing to work out the guideline for the trans-century new products as soon as possible. In 1999 the Company developed 8 new products including the grain cooler, single-unit double-stage screw compressor, volume-ratio adjustable screw compressor and new style cold storage for exhibition. Development of the grain cooler was a substantial leap in the field of grain storage in China, and also brought to a new channel of profit increase for the Company.

④ The advantage of technical innovation was brought into full play and the image of the joint venture group was perfected further.

After having developed the new products of the SV Series super vacuum boiler, Type F super touch-screen lithium bromide refrigerator, new Type H module machine, etc., DSRC developed the direct-combustion type lithium bromide refrigerator (DCC-82K), the largest one in China, and was awarded the China Environment-Mark Product Contribution Prize and the China Environment-Mark Development Prize.

DSCCC won the largest refrigeration project in China (Huahui Beichen Supermarket of Beijing), and developed the European-style refrigerated cabinet.

With the vortex compressor formally put into the market, DSCC strode towards the high-grade and precision products.

Since starting its business two years ago, DSACC obtained three certifications (electrical appliances certification, quality system certification and environment management system certification), and made RMB 300 million of sales and RMB 20 million of profit.

⑤ With an enhanced management foundation, the Company was benefited from the innovation of management system.

Before the end of the year, the Company successfully passed the re-appraisal for the ISO9001 quality system certification and the verification for renewing the License of Grade AR2 Pressure Vessels, heightening the process control capability of design and product quality.

The Company made a major breakthrough in the computerization and network forming of the basic management. The first phase of the BSJ-CIMS project in cooperation with Dalian University of Technologies passed the appraisal acceptance of the State CIMS863 Office. Based on the existing MRPII, the Company further carried out the secondary development, improved the market information system, after-sale system, supply & inventory system, equipment management system and planning system, and completed the development of computer management programs for the screw, piston and package business departments.

By the measures of reducing costs taken among all employees, on all the aspects and in the total process, the Company saved in the whole year RMB 21.96 million of costs, including RMB 4.56 million of purchasing costs and RMB 3.5 million of technical system costs.

(3) Business scope and performances of the Company's main solely funded subordinate enterprises and holding subsidiaries

A. Solely funded subordinate enterprises

The Company has four solely funded subordinate enterprises:

① Dalian Bingshan Group Refrigerator & Air-conditioner Installation Co.

With a registered capital of RMB 15 million, the company is engaged mainly in installation and test of complete sets of refrigeration equipment, and made the sales of RMB 27.13 million in 1999.

② Dalian Bingshan Group Import & Export Co.

With a registered capital of RMB 1.2 million, the company is engaged in export of its products and the products of the Group members and the relative technologies, import of raw materials, machines and equipment, instruments and other commodities needed in the production and scientific research and the relative technologies, and processing with customer's materials, processing according to buyer's samples, assembling parts for the client, and compensation trade. In 1999, the company made RMB 21.23 million of sales.

③ Dalian Economic & Technical Development Zone Bingshan Trading Co.

With a registered capital of RMB 5.4 million, the company is engaged mainly in printing appliances and materials, machines and equipment, electrical appliances, metal materials, coal, wood and electronic products, and made RMB 220 thousand of sales in 1999.

④ Dalian Economic & Technical Development Zone Daleng Trading Co.

With a registered capital of RMB 600 thousand, the company is engaged mainly in hardware, communication, electrical and chemical products, and made RMB 1.96 million of sales in 1999.

B. Holding subsidiaries

The company has three holding subsidiaries:

① Dalian Bingshan Air-conditioner Co., Ltd.

With a registered capital of 700 million yen in which the Company holds 70% of the total shares, the company is engaged mainly in producing and selling the terminal products of air-conditioners such as blower coils, air processors, etc., and made RMB 60.06 million of sales and RMB 7.72 million of net profit.

② Dalian Bingshan Group Sales Co., Ltd.

With a registered capital of RMB 3 million in which the Company holds 90% of the total shares, the company is engaged mainly in selling the products of Dalian Bingshan Group members, and made RMB 80.02 million of sales and RMB 3.22 million of net profit in 1999.

③ Dalian Bingshan Metal Processing Co., Ltd.

With a registered capital of RMB 2.1 million in which the Company holds 60% of the total shares, the company is engaged in production of metal plate works and stampings for itself and the established joint venture companies, and made RMB 10.74 million of sales in 1999.

(4) Problems and difficulties encountered in the operation of the Company and the solutions

One of the major problems encountered in the operation of the Company in 1999 was about the structural adjustment of products. On Mar. 27, 1999, Danish SABROE Co. was acquired by American YORK Co., which marked that the competition in the refrigeration industry in the world was going towards the monopolization. Meanwhile, foreign refrigeration companies press on with competition in the market of China. In order to enhance the predominance of the Company's products in the performance-price ratio, the Company centered on the structural adjustment of products in the operation. The Company held several meetings with the topic of new products, deciding to speed up the structural adjustment of products and work out the guideline for the trans-century new products as soon as possible, and putting forward the strict requirements on the work schedule of trial manufacture of some major new products. Through hard working, the Company completed the development of 8 new products before the end of the year, successfully perfecting the product structure.

2. Financial status of the Company

By Dec. 31, 1999, the financial status of the Company was as follows:

(1) The total assets were RMB 1,607.77 million, RMB 61.44 million more than that at the beginning of the year. The liquid assets increased by RMB 29.5 million mainly due to increase of the monetary funds, receivable accounts and inventories. The fixed assets decreased by RMB 5.99 million mainly due to depreciation of the fixed assets. The long-term investment increased by RMB 40.7 million mainly due to increase of the incomes from investment of the joint venture companies. The intangible and deferred assets decreased by RMB 2.77 million mainly due to amortization of the intangible assets.

(2) The total liabilities were RMB 524.72 million, RMB 30.44 million more than that at the beginning of the year. The liquid liabilities increased by RMB 38.6 million mainly due to increase of the accounts payable to the associated enterprises. The long-term liabilities decreased by RMB 8.16 million mainly due to decrease of the long-term loans.

(3) The shareholders' equity was RMB 1,056.87 million, RMB 29.22 million more than that in the previous year mainly due to the reserves drawing and increase of the undistributed profit.

(4) The business profit was RMB 32.62 million, RMB 11.02 million less than that in the previous year mainly due to increase of the sales costs.

(5) The net profit was RMB 64.2 million, RMB 970 thousand less than that in the previous year mainly due to increase of the incomes from investment of the joint venture companies and decrease of the operating profit.

3. Investment of the Company

By the end of 1999, the Company had established 14 joint ventures with companies including Japanese Sanyo, Hong Kong Dayang, American Thermal King, Bingshan Group, etc., as follows:

Name of the enterprise	Registered address	Key business	Ratio of shares
Thermo King – Dalian Transport Refrigeration Co., Ltd.	Shenzhen	Producing & selling cold storage vehicles	25%
Dalian Honjo Chemical Co., Ltd.	Dalian E & T Development Zone (DETDZ)	Producing & selling lithium bromide liquor	30%
Dalian Meica Electronics Co., Ltd.	DETDZ	Producing & selling printed boards	30%
Grand Ocean Auto Air-conditioning Engineering (Dalian) Co., Ltd.	DETDZ	Producing & selling auto air-conditioners	30%
Dalian Sanyo Refrigeration Co., Ltd.	DETDZ	Producing & selling lithium bromide Refrigerators	40%
Dalian Sanyo Cold-Chain Co., Ltd.	DETDZ	Producing & selling refrigerators for Supermarkets	40%
Dalian Sanyo Compressor Co., Ltd.	DETDZ	Producing & selling semi-closed compressors	40%
Dalian Grand Ocean Transport Refrigeration Engineering Co., Ltd.	Dalian	Assembling & selling movable refrigerators	40%
Dalian Sanyo Air Conditioner Co., Ltd.	DETDZ	Producing & selling air-conditioners	40%
Dalian Sanyo Food & Beverage Equipment Co., Ltd.	DETDZ	Producing & selling food & beverage equipment	40%
Dalian Sanyo Household Electrical Appliances Co., Ltd.	Dalian	Producing & selling small household Appliances	40%
Dalian Bingshan Metal Processing Co., Ltd.	Dalian	Producing metal platework & stampings	60%
Dalian Bingshan Air-conditioning Equipment Co., Ltd.	Dalian	Producing & selling terminal products of air-conditioners	70%
Dalian Bingshan Group Sales Co., Ltd.	Dalian Free Trade Zone	Selling the products of the Group members	90%

(1) The utilization of raised funds

The Company raised net funds of RMB 360 million through issuing B shares in 1998. The utilization of raised funds went down to the report period.

① The difference between the promised investment projects at the time of fund raising and the actual ones

The promised projects	Actual investment projects
The expansion of Dalian Sanyo Compressor Co., Ltd.	The expansion of Dalian Sanyo Compressor Co., Ltd.
The development of large screw refrigerating compressor and supporting auxiliary machines	The development of large screw refrigerating Compressor and supporting auxiliary machines
The establishment of Daleng Technical Center	The establishment of Daleng Technical Center
The establishment of Dalian Bingshan Gangte Heat Exchanger Co., Ltd.	Air-cooled heat exchanger

The promised projects	Actual investment projects
The purchase of respective 40% stock rights of three joint ventures, i. e., Sanyo Food & Beverage Equipment Co., Ltd., Sanyo Air Conditioner Co. And Sanyo Household Electrical Appliances Co., Ltd., from Bingshan Group	The purchase of respective 40% stock rights of three Joint ventures, i. e., Sanyo Food & Beverage Equipment Co., Ltd., Sanyo Air Conditioner Co. and Sanyo Household Electrical Appliances Co., Ltd., from Bingshan Group

② The description of the actual investment projects

* RMB 34.20 million has been invested in the expansion project of Dalian Sanyo Compressor Co., Ltd., accounting for 21% of the planned investment amount. After the expansion, the company expanded the production of piston-type semi-closed compressors urgently needed in the market, and at the same time, produced the vortex compressor most advanced in the world. The incomes of the company from the key business in 1999 had a comparable growth of 96%, being over RMB 100 million for the first time.

* RMB 16.22 million has been invested in the project of developing large screw refrigerating compressor, accounting for 27% of the planned investment amount. With this investment, KA315 and KA510 large screw refrigerating compressors have gone on the market in small lots, and replaced the imported ones in the petrochemical industry. The KA510 large screw refrigerating compressor was one of the largest in the world and the only one in China.

* RMB 19.20 million has been invested in the project of establishing Daleng Technical Center, accounting for 100% of the planned investment amount. The establishment of Daleng Technical Center greatly improved the capacity of the Company in product development and test, and powerfully promoted the structural adjustment of trans-century products of the Company.

* RMB 15.5 million has been invested in the project of air-cooled heat exchanger, accounting for 100% of the planned investment amount. The Air-cooled Heat Exchanger Business Department of the Company made RMB 14.26 million of production value in 1999. The new style, high efficient, light-duty and low water consumption heat exchanger for ammonia refrigerator developed by the Department brought in considerable profit for the Company, and huge social benefit for the state.

* The project of purchasing 40% stock right of Dalian Sanyo Household Electrical Appliances Co., Ltd. has been completed. The company made RMB 14.09 million of sales in 1999.

* The project of purchasing 40% stock right of Dalian Sanyo Food & Beverage Equipment Co., Ltd. has been completed. The company made RMB 36.33 million of sales in 1999.

* The project of purchasing 40% stock right of Dalian Sanyo Air Conditioner Co., Ltd. has been completed. The company made RMB 230.95 million of sales with RMB 13.51 million of net profit in 1999.

So far, RMB 168.62 million has been invested, accounting for 49.7% of the planned investment.

The raised funds that have not been utilized yet were deposited in the foreign exchange account designated by the bank.

(2) Description of the investment project utilizing non-raised funds

With its own funds, the Company purchased in the report period 35 million shares in Jun An Securities from Bingshan Group.

4. The business development plan for the coming year

(1) To acquire more shares in the domestic and overseas markets with the spirit of pioneering. To foster the concept of great market and stress on the internationalization of products besides promotion of the product brand. To continuously take the advantage of the group sales. To continuously adopt the market responsibility system among leaders at all levels and all employees.

(2) To grasp opportunities and quicken the structural adjustment of products and realize the jumping development. To break through the restriction of industrial product structure and develop high and new technical products outside the field, especially the electronic, information technology, biological engineering and energy saving and environment products.

(3) To quicken self-development, introducing of foreign equipment and technology, joint venture and cooperation with advanced thinking. To fully utilize the internet for foreign capital attraction on line. To enhance contact with foreign embassies in China and contact with the top 500 companies in the world.

(4) To deepen the reform centered on the distribution system and take all-round management innovation.

(5) To make efforts to product quality control for standing and developing of the Company.

5. The routine work of the board of directors

(1) Meetings of the board of directors and the resolutions in the report period

① The 7th meeting of the 2nd board of directors

The 2nd board of directors held the 7th meeting at the conference room on 2/F of the Company's building on Apr. 15, 1999. 13 directors attended the meeting. The meeting was presided over by the chairman Zhang He. The meeting reviewed and adopted the following resolutions:

* the '98 Annual Report;

* the ’ 98 Financial Settlement and ’ 99 Financial Budget;
* the Preplan on ’ 98 Profit Distribution;
* the Report on Personnel Change of the Senior Staffs of the Company;
* the Report on Director Change of the Company;
* the Report on Change of the Gangte Joint Venture Project;
* the Report on Purchasing 35 million shares in Jun An Securities from Bingshan Group;
* the Report on the Amendment of the Articles of Association of the Company;
* the Report on Authority Limit in Investment of the Board of Directors;
* the Report on Determining the Adjustment of Bad Debts Allowance Drawing Method and Allowance Ratio;
* the matter about holding the ’ 98 Shareholders General Meeting.

② The 8th meeting of the 2nd board of directors

The 2nd board of directors of the Company held the 8th meeting on Jun. 16, 1999. The meeting reviewed and adopted by fax the following resolutions: agreement on putting RMB 10 million of additional investment to Jun An Securities by using the enjoyable Jun An Securities dividend to be distributed. After completion of this investment, the Company will hold 37.89 million shares in Guo Tai Jun An.

③ The 9th meeting of the 2nd board of directors

The 2nd board of directors of the Company held the 9th meeting at the conference room on 6/F of the Company’ s building on Aug. 18, 1999. 14 directors attended the meeting. The meeting was presided over by the chairman Zhang He. The meeting reviewed and adopted the following resolutions:

* the ’ 99 Interim Report;
* not distributing profit in the mid year of 1999 and converting the capital public reserve into additional shares.

(2) The execution of the resolutions adopted on the Shareholders General Meeting by the board of directors

The board of directors of the Company earnestly carried out all the resolutions adopted on the ’ 98 Shareholders General Meeting. The ’ 98 profit distribution plan of the Company has been implemented by the board of directors in July of 1999.

6. The management level and the employees of the Company

(1) Directors, supervisors and senior staff members

Name	Sex	Position	Age	Tour of duty	Share holding at BOY	Share holding at EOY
Directors (17 persons)						
Zhang He	M	Chairman	62	1997-2000	25,650	25,650

Mu Chuanjiang	M	Vice Chairman	50	1997-2000	22,650	22,650
Li Zhimin	M	Executive Director	59	1997-2000	32,085	32,085
Wang Erzhong	M	Executive Director	57	1997-2000	14,250	14,250
Yu Shoutao	M	Executive Director	49	1997-2000	21,375	21,375
Wang Dekun	M	Executive Director	48	1997-2000	14,250	14,250
Zhang Hongzhi	M	Executive Director	41	1997-2000	21,125	21,125
Liu Menghua	M	Director	57	1997-2000	0	0
Lu Zhongli	M	Director	58	1997-2000	7,125	7,125
Wang Guotong	M	Director	44	1997-2000	0	0
Luo Xiaoping	M	Director	40	1997-2000	0	0
Zou Zhiming	M	Director	56	1997-2000	10,687	10,687
Chen Geng	M	Director	30	1997-2000	0	0
Hou Shaofeng	M	Director	46	1997-2000	0	0
Wei Maoyun	M	Director	54	1997-2000	5,130	5,130
Yamamura Akio	M	Director	56	1998-2000	0	0
Ao Yanzheng	M	Director	54	1998-2000	0	0
Supervisors (3 persons)						
Yu Fuchun	M	Chairman	41	1997-2000	7,800	7,800
Liu Qinglu	M	Supervisor	53	1997-2000	7,937	7,937
Men Yuesheng	M	Supervisor	47	1997-2000	0	0
Senior staff members						
Mu Chuanjiang	M	General Manager				
Yu Shoutao	M	Deputy General Manager and Financial Majordomo				
Zhang Hongzhi	M	Deputy General Manager				
Yang Bin	M	Deputy General Manager	43		0	0
Wang Zhiqiang	M	Deputy General Manager	38		0	0
Lu Lianzhen	F	Secretary of the Board of Directors	47	1997-2000	0	0

The gross payroll of the management level of the Company was RMB 699 thousand in this year. The number of persons with an annual salary between RMB 60,000 to RMB 70,000 was 2, that with an annual salary between RMB 50,000 and RMB 60,000 was 7, that with an annual salary between RMB 40,000 to RMB 50,000 was 1,and that with an annual salary between RMB 30,000 to RMB 40,000 was 3.Liu Menghua, Lu Zhongli, Wang Guotong, Luo Xiaoping, Zou Zhiming, Chen Gen, Hou Shaofeng, Wei Maoyun, Yamamura Akio, Ao Yanzheng, and Liu Qinglu had no pay from the Company.

In the report period, Yang Jun, the former director of the Company, was dismissed of the position of President by Jun An Securities Co., Ltd., and was unsuitable to be the director of the Company. Designated by the board of directors of the Company. Mr. Chen Geng replaced Yang Jun as the director.

In order to regulate the management structure of the legal person, the Chairman and the General Manager were not held by the same person. Therefore, Mr. Zhang He did not act as the General Manager, and Mr. Mu Chuanjiang was engaged as the General Manager.

For the reason of job change, Mr. Li Zhimin and Mr. Wang Erzhong did not act as the Deputy General Managers. Mr. Yang Bin and Mr. Wang Zhiqiang were engaged as the Deputy General Managers.

(2) Employees

According to the statistic by Dec. 31, 1999, the Company has 2,196 employees including: 1,318 production personnel, 60% of the total; 341 technicians, 15.6% of the total; 281 salesmen, 12.8% of the total; 40 financial personnel, 1.8% of the total; and 216 administrative personnel, 9.8% of the total.

626 persons in the Company have the education background of university or technical college, accounting for 28.5%. The social insurance institute pays the retirement pension and medical expenses for retirees of the Company.

7. The preplan of profit distribution or the preplan of converting the capital public reserve into additional shares

(1) The preplan of profit distribution for this year

As audited by Dalian Xinyi Certified Public Accounting Firm Ltd., the after-tax profit of the Company in 1999 was RMB 71.06 million. In accordance with the relevant regulations of the state and the Articles of Association of the Company, 10% of the after-tax profit (RMB 7.106 million) shall be set aside as the legal surplus public reserve, 10% as legal public welfare fund (RMB 7.106 million) and 10% as optional surplus public reserve (RMB 7.107 million). The total reserves drawn by the subsidiaries were RMB 585 thousand. A total of RMB 21.9 million was drawn. With the remaining after-tax profit plus the undistributed profit of RMB 5.13 million carried forward from the previous year, the profit available for distribution to shareholders is RMB 54.29 million.

As audited by the international C. P. A. Arthur Andersen & Co., the after-tax profit of the Company in 1999 was RMB 64.2 million. With the remaining after-tax profit after drawing legal surplus public reserve, legal public welfare fund and optional surplus public reserve plus the undistributed profit of RMB 9.07 million carried forward from the previous year, the profit available for distribution to shareholders was RMB 51.37 million.

In accordance with the Articles of Association of the Company and relevant regulations, the lower of the aforesaid distributable profits shall be distributed. Therefore, the distributable profit for this year is RMB 51.37 million, among which RMB 35 million will be distributed as dividends and the balance of RMB 16.37 million will be carried forward for distribution in the next year.

The preplan of 1999 profit distribution of the Company: With 350,014,975 shares in total by the end of 1999, cash dividend of RMB 1 (including tax) for each ten shares will be paid. The cash dividends for B-shares will converted into HKD for payment.

(2) No capital public reserve is to be converted into additional shares for this year.

8. The Company selected China Securities Daily and Ta Kung Pao for disclosing information.

VI Report of Board of Supervisors

The Board of Supervisors held two meetings in the report period. The 5th meeting of the 2nd Board of Supervisors was held in the head office of the Company on April 15 of 1999, at which 1997 Annual Report, 1997 Profit Distribution Preplan, 1998 Final Settlement Report and 1999 Financial Budget, Report of the Board of Supervisors were adopted. The 6th meeting of the 2nd Board of Supervisors was held in the head office of the Company on August 18 of 1999, at which 1999 Interim Report was examined and adopted.

The Board of Supervisors has the following independent comments on the following matter:

(1) The Company has a legal resolution making process and built a quite perfect internal control system. In the report period, no act of the directors and managers of the Company in the course of performing their duties was found to violate laws, regulations and Articles of Association of the Company or to harm the interests of the Company.

(2) Both Dalian Xinyi Certified Public Accounting Firm Ltd. and Arthur Andersen & Co. have produced auditors' reports without reserved opinions. The Accounting Statements of the Company reflected the actual financial status and operation results of the Company.

(3) The actual investment projects of the Company using the capital raised by issuing B-shares in 1998 are basically consistent with those promised, among which one investment project was changed (change from joint venture development of air-cooled heat exchangers to independent development) by legal changing process.

(4) In the report period, the Company has no big act to purchase and sell assets.

(5) In the report period, related transactions taking place in the Company include purchase of goods from the related companies and purchase of share equity. The above related transactions were fair with no prejudice to the interests of the Company.

VII Important Matters

(1) There was no important matters concerning lawsuit, arbitration in the report period of the year.

(2) In the report period neither the Company nor the directors and senior executives of the Company were punished by the supervision authorities.

(3) In the report period the shareholders of the Company had no change. In the report period the General Manager of Company was changed, Mr. Mu Chuanjiang took over the general manager position from Mr. Zhang He, original Chairman and General Manager of the Company. In the report period the secretaries of the Broad of Directors of the Company had no change. Related information disclosing was made in the newspapers of China Securities Daily and Hongkong Business dated April 19, 1999.

(4) In the report period the Company had no important matters like purchase and sale of assets, merger, etc.

(5) Important related transaction matters

① For details about related transactions taking place in purchase of goods, please see "Notes appended to Accounting Statements".

② Related transactions taking place in share equity transfer: In the report period the Company signed a share equity transfer agreement with its holding company - Dalian Bingshan Group Co., Ltd., according to which Bingshan Group agrees to transfer the 35 million shares of former Junan Securities Co., Ltd. it holds to the Company at the price RMB 1.00 yuan per share, a total amount RMB 35 million yuan was involved in the transfer. Bingshan Group used RMB 33.5 million yuan from the amount in offsetting the debt it owed the Company and received the remaining RMB 1.5 million yuan in cash paid by the Company. Related information disclosing was made in the newspaper China Securities Daily on July 12, 1999.

(6) The Company has been basically independent of its holding company Bingshan Group in personnel, assets and finance.

(7) In the report period neither assets of other companies were held under trust, contract and lease by the Company nor assets of the Company were held under trust, contract and lease by other companies.

(8) In the report period the certified public accounting firms have no change. Dalian Zhonghua Certified Public Accounting Firm has changed its name to Dalian Xinyi Certified Public Accounting Firm Ltd. in compliance with relevant rules of the State.

(9) Influences on the financial status and operation results of the Company due to implementation of "Supplementary Rules Concerning Accounting Operation Problems in the Accounting System of Stock Companies, Limited" (CAI KUAI ZI [1999] NO. 35 DOCUMENT)

(10) Influences of China's Participation in WTO in the Company

China's participation in WTO will have minor impact on the Company. At present the main competitors of the Company are not only confined to several large domestic refrigeration equipment manufacturers, competitions with some international renowned brands have been going on in different levels, including competitions with their joint-venture enterprises in domestic market and direct competitions in international market. Now around 10% products of the Company have been sold abroad with the cost performances enough to compete with some international renowned brands.

VIII Auditors' Report

(1) Auditors' Report

To: All the shareholders of Dalian Refrigeration Co., Ltd.

We have audited the combined balance sheets of 1999 and December 31, 1998 and the combined profits, profit distribution sheet and statement of combined cash flow until that date of Dalian Refrigeration Co., Ltd. (hereinbefore referred to as "your Company") and its subsidiaries (hereinafter referred to as "your Group" jointly with your Company). To formulate Combined Accounting Statements is the duty of the administrative level of your Company. Our duty is to express our opinions on the Combined Accounting Statements based on auditing.

Our auditing is based on the International Auditing Standards issued by IAF (International Accountants Federation), according to which our auditing must be so planned and implemented that any important mistake that may exist in the accountign statements can be identified rationally. Auditing involves test-checking the original documents related to the data carried and matters disclosed in the Accounting Statements, evaluating the accounting standards adopted and important accounting estimates made by the administrative level of your Group and judge the overall arrangement of the Accounting Statements. We believe that our auditing has laid a rational foundation for the following opinions.

We think the above-mentioned Accounting Statements have impartially reflected in all important aspects the combined financial status of 1999 and December 31, 1998 and the combined operation results and combined cash flows in all fiscal years before that date of your Group, complying with the International Accounting Standards issued by Committee of International Accounting Standards.

Arthur Anderson & Co.
Hongkong, China
March 24th, 2000

(2) Accounting Statements (attached)

(3) Notes appended to Accounting Statements
(Amounts expressed in thousands of Renminbi ("RMB") unless otherwise stated)

1. ORGANIZATION AND PRINCIPAL OPERATIONS

Dalian Refrigeration Company Limited (the "Company") was incorporated in the People's Republic of China (the "PRC") on December 18, 1993 as a joint stock limited company. The principal activities of the Company are the manufacture, sales and installation of refrigeration equipment.

On September 21, 1993 and January 8, 1998, the Company was approved to issue 38,150,000 domestic investment shares ("A share") and 115,000,000 domestically listed foreign investment shares ("B share") respectively. Both A shares and B shares are with par value of RMB 1 each, and have been listed on the Shenzhen Stock Exchange.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the Company and its subsidiaries (the "Group") were prepared in conformity with International Accounting Standards ("IAS"). This basis of accounting differs from that used in the statutory accounts of the Group, prepared in accordance with accounting principles and financial regulations applicable to joint stock limited companies in the PRC ("statutory accounts"). The net impact of IAS adjustments on the statutory accounts is shown in Note 22.

3. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted in the accompanying accounts of the Group to conform to IAS are as follows:

(a) Principles of consolidation

The consolidated financial statements of the Group include the financial statements of the Company and its subsidiaries. As of December 31, 1999, the Company had a direct equity interest in the following subsidiaries and associated companies which were all incorporated in the PRC:

Name	Date of registration	Registered capital	Percentage of equity interest	Principal activity	Enterprise income tax rate
(a) Subsidiaries					
Dalian Bingshan Group Refrigeration Installation Company	January 9, 1988	RMB 15,000,000	100%	Installation and testing of refrigeration equipment	33%
Dalian Economic and Technological Development Zone Bingshan Trade Company	May 18, 1989	RMB 5,400,000	100%	Wholesale and retail of machinery and equipment	15%
Dalian Bingshan Group Import & Export Company	August 10, 1988	RMB 1,200,000	100%	Import of raw materials and export of products	33%
Dalian Economic and Technological Development Zone Daleng Trade Company	July 6, 1992	RMB 600,000	100%	Wholesale and retail of instrument and meters	15%
Dalian Bingshan Air-Conditioning Equipment Company Limited	December 22, 1995	JPY 700,000,000	70%	Manufacture and sales of accessories of refrigeration equipment	15%
Dalian Bingshan Metal Processing Company Limited	January 21, 1998	USD 2,100,000	60%	Process and sales of metal punching parts	15%
Dalian Bingshan Group Sales Company ("Sales Company")	March 12, 1998	RMB 3,000,000	90%	Sales of refrigeration equipment	15%
(b) Associated companies					
Dalian Sanyo Compressor Company Limited	September 15, 1994	JPY 6,200,000,000	40%	Manufacture and sales of semi-sealed compressors	15%
Dalian Sanyo Refrigeration Company Limited	September 11, 1992	JPY 2,000,000,000	40%	Manufacture and sales of absorptive lithium-bromide cold storehouses	15%
Dalian Sanyo Cold-Chain Company Limited	January 11, 1994	JPY 1,400,000,000	40%	Manufacture and sales of supermarket refrigerators	15%
Dalian Grand Ocean Thermo King Transport Refrigeration	December 11, 1992	USD 850,000	40%	Installation of transportation freezing equipment	24%

Engineering Company Limited					
Grand Ocean Auto Air - Conditioning Engineering (Dalian) Company Limited	October 10, 1993	USD 12,000,000	30%	Manufacture and sales of auto air-conditioning systems	15%

Name	Date of registration	Registered capital	Attributable equity interest	Principal activity	Enterprise income tax rate
Dalian Meica Electronics Company Limited	November 17, 1994	JPY 300,000,000	30%	Manufacture and sales of electronic control panel	15%
Dalian Honjo Chemical Company Limited	March 19, 1993	JPY 260,000,000	30%	Manufacture and sales of lithium-bromide	15%
Thermo King-Dalian Transport Refrigeration Company Limited	December 1, 1990	USD 3,000,000	25%	Manufacture and sales of freezing carrier	15%
Dalian Sanyo Air Conditioner Company Limited	December 20, 1995	JPY 1,400,000,000	40%	Manufacture and sales of air-conditioner	15%
Dalian Sanyo Food Systems Company Limited	December 22, 1995	JPY 1,000,000,000	40%	Manufacture and sales of refrigeration equipment	15%
Dalian Sanyo Home Appliance Company Limited	October 27, 1995	JPY 600,000,000	40%	Manufacture and sales of home appliance	15%

All significant intra-group transactions and balances have been eliminated on consolidation.

(b) Revenue recognition

Sales

- Sales of products

  Sales of products which include sales of refrigerators and auxiliary machines, represent total net invoiced value of goods (excluding value-added tax) net of sales discount, and are recognized upon transfer of significant risks and rewards of ownership of goods to customers.

- Installation service

  Revenue from installation service is recognized by reference to the stage of completion of contracts. Any expected excess of total contract costs over total contract revenue, is recognized as an expense immediately.

Interest income

Interest income is recognized on a time proportion basis on the principal outstanding and at the rate applicable.

(c) Allowance for doubtful debts

Allowance for doubtful debts is provided based on the collectibility of the receivables.

(d) Fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after the fixed assets have been put into operation, is recognized as an expense in the year in which it is incurred. In situations where it is probable that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the asset, the expenditure is capitalized as an additional cost of the fixed asset.

Depreciation is calculated using the straight-line method to write off the cost, after taking into account the estimated residual value, of each asset over its expected useful life. The expected useful lives are as follows:

Buildings	20 - 40 years
Machinery and equipment	10 - 28 years
Motor vehicles	5 - 20 years
Office equipment and others	5 - 16 years

When assets are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposals is included in the statement of income.

(e) Construction-in-progress

Construction-in-progress represents buildings under construction or installation and is stated at cost. This includes cost of acquisition and construction, plus borrowing costs which include interest charges arising from borrowings used to finance these projects during the construction period.

No provision for depreciation is made on construction-in-progress until such time as the relevant assets are completed and put into operational use.

(f) Land use rights

Land use rights are stated at cost less accumulated amortization. Amortization is provided on a straight-line basis over 50 years.

(g) Goodwill

Goodwill represents the excess of the cost of acquisition over the Company's interest in the fair value of the identifiable assets and liabilities acquired, and is amortized on a straight-line basis over 10 years.

(h) Subsidiaries

A subsidiary company is an enterprise in which the Company:

(i) holds directly or indirectly more than 50% of equity interest as a long-term investment, and/or

(ii) has the power to cast a majority of votes at meetings of the board of directors/management committee.

(i) Long-term Investments

Long-term investments in associated companies are accounted for using the equity method. An associated company is a company, not being a subsidiary, in which the Company holds, directly or indirectly, not less than 20% nor more than 50% equity interest and is able to exercise significant influence on its financial and operating policy decisions.

Other long-term investments are stated at cost less permanent diminution in value. The dividends declared by the investee companies are recognized as investment income in current year's results.

(j) Inventories

Inventories are stated at the lower of cost, calculated on the weighted-average basis, and net realizable value. Cost comprises direct materials, direct labor and an appropriate proportion of all production overhead expenditure. Net realizable value is determined on the basis of estimated selling prices less the estimated costs of completion and related selling and distribution expenses. Provision is made for obsolete, slow-moving or defective items where appropriate.

(k) Taxation

The Company and its subsidiaries provides for taxation on the basis of its statutory profit for financial reporting purposes, adjusted for income and expense items which are not assessable or deductible for income tax purposes and after considering all available tax benefits.

Other taxes are provided in accordance with the prevailing PRC tax regulations which are applicable to the Group.

Deferred taxation is provided under the balance sheet liability method in respect of significant temporary differences arising from differences between the carrying amount of assets and liabilities for financial reporting purposes and the amount used for income tax purposes. Deferred tax assets are recognized to the extent that it is probable that sufficient taxable profit will be available against which the deductible temporary differences can be utilized.

(l) Foreign currency translation

The Group maintains their books and records in RMB, which is not a freely convertible currency. Foreign currency transactions are translated into RMB at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into RMB at the applicable rate of exchange prevailing at the balance sheet date; non-monetary assets and liabilities denominated in foreign currencies are translated at historical rates. Exchange differences arising from changes in exchange rates subsequent to the dates of transactions for monetary assets and liabilities denominated in foreign currencies are included in statement of income.

(m) Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party, or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence.

(n) Pension scheme

The Group's contributions to defined contribution plans are charged to income in the year to which they relate.

4. SALES

	1999	1998
Refrigeration engineering packages and accessories		
- Refrigerators	256,068	194,827
- Installation service	78,128	82,347
Refrigerators	291,609	249,828
Auxiliary machines	46,381	54,546
Others	36,464	53,939

	708,650	635,487
Less: surtaxes (Note 8)	(2,116)	(1,581)
	706,534	633,906

5. COST OF SALES

	1999	1998
Refrigeration engineering packages and accessories		
- Refrigerators	217,197	165,236
- Installation service	65,867	50,506
Refrigerators	243,637	199,044
Auxiliary machines	33,967	38,128
Others	23,935	43,106
	584,603	496,020

6. INVESTMENT INCOME

	1999	1998
Long-term Investments - Equity Method:		
Dalian Sanyo Compressor Company Limited	680	2,572
Dalian Sanyo Refrigeration Company Limited	22,909	16,562
Dalian Sanyo Cold-Chain Company Limited	5,063	7,426
Dalian Grand Ocean Thermo King Transport Refrigeration Engineering Company Limited	181	623
Grand Ocean Auto Air - Conditioning Engineering (Dalian) Company Limited	533	571
Dalian Meica Electronics Company Limited	(1,161)	3,501
Dalian Honjo Chemical Company Limited	2,187	1,436
Thermo King-Dalian Transport Refrigeration Company Limited	5,363	3,142
Dalian Sanyo Air Conditioner Company Limited	4,560	307
Dalian Sanyo Food Systems Company Limited	(3,781)	(1,387)
Dalian Sanyo Home Appliance Company Limited	(3,616)	(686)
	32,918	34,067
Long-term Investments - Cost Method	9,269	935
	42,187	35,002

7. PROFIT BEFORE TAXATION AND MINORITY INTERESTS

Profit before taxation and minority interests was determined after crediting and charging the following items:

	1999	1998
Crediting:		
Investment income (Note 11(b))	42,187	35,002
Interest income	13,497	17,347

Charging:		
Interest expense	17,753	23,727
Allowance for doubtful debts	4,925	9,271
Provision for inventory loss	4,471	-
Depreciation of fixed assets	21,195	19,437
Amortization of goodwill and land use rights	1,636	1,024
Provision for staff welfare	12,316	11,171
Provision for pension fund	7,065	6,312

The Group provides for certain staff welfare and contributions to the statutory pension fund based on a certain percentage of the gross salaries. Staff welfare consists of staff welfare benefit, housing fund, medical insurance, labour union fund, unemployment insurance, etc.

Provisions for staff welfare are made based on the following percentages of employees' gross salaries:

	Percentage
Staff welfare benefit	14%
Housing fund	12%
Medical insurance	11%
Labour union fund	2%
Unemployment insurance	3%
Employment injury insurance	0.7%
Maternity insurance	0.5%

Pursuant to the PRC laws and regulations, contributions to the basic old age insurance for the Group's local staff are to be made monthly to a government agency based on 24% of the standard salary set by the provincial government, of which 19% are borne by the Group and the remaining are borne by the staff. The government agency is responsible for the pension liabilities relating to such staff on their retirement.

The Group has no obligation for the payment of pension benefits beyond the contribution described above.

8. TAXATION

(a) Value-Added Tax ("VAT")

The Group is subject to VAT, which is a tax charged on top of the selling price at a general rate of 17%. An input credit is available whereby VAT previously paid on purchases of semi-finished products, raw materials, etc. can be used to offset the VAT on sales to determine the net VAT payable.

(b) Surtaxes

The Group is subject to the following types of surtaxes:

- City Development Tax, a tax levied at 7% of net VAT payable.

- Education Supplementary Tax, a tax levied at 3% of net VAT payable.

(c) Enterprise income tax ("EIT")

Pursuant to a local circular [Da Cai Shui Zi (1997) 155] issued by Dalian Municipal Financial Bureau and Dalian Municipal Tax Bureau on October 21, 1997, the Company is subject to EIT at a rate of 33% of its taxable income, and is entitled to a refund to 18% of the Company's taxable income from Dalian Financial Administration Bureau with effect from January 1, 1997, resulting in an effective EIT rate of 15%. Furthermore, according to a local circular [Da Cai Zhi Gong Zi (1999) 517], the EIT relating to dividends from subsidiaries has been refunded.

However, according to the Circular [Guofa (2000) 2] issued on January 11, 2000, effective January 1, 2000, the above financial refund would require approval from the State authority. The Company may not obtain the financial refund and is currently in negotiation with the relevant government authorities on this matter.

Details of taxation charged during the years are as follows:

	1999	1998
Current income tax	9,304	12,258
Income tax refund	(5,075)	(6,686)
	4,229	5,572

The reconciliation of the effective tax rate to the statutory tax rate is as follows:

	1999	1998
Profit before taxation and minority interests	70,554	72,264
Tax at the applicable tax rate of 15%	10,583	10,840
Tax effect of income or expenses that are not taxable or deductible in determining taxable profit	(6,354)	(5,268)
Current tax expense	4,229	5,572

9. FIXED ASSETS

Movements in fixed assets were as follows:

	1999					1998
	Buildings	Machinery and equipment	Motor vehicles	Office equipment and others	Total	Total
Cost						
Beginning of year	162,532	239,272	10,393	42,775	454,972	388,983
Additions	15,648	3,104	869	2,666	22,287	66,462
Disposals	-	(572)	-	-	(572)	(473)
End of year	178,180	241,804	11,262	45,441	476,687	454,972
Accumulated depreciation						
Beginning of year	56,142	82,231	4,049	15,663	158,085	138,821
Additions	4,609	10,343	1,706	4,537	21,195	19,437
Disposals	-	(425)	-	-	(425)	(173)
End of year	60,751	92,149	5,755	20,200	178,855	158,085
Net book value						
End of year	117,429	149,655	5,507	25,241	297,832	296,887
Beginning of year	106,390	157,041	6,344	27,112	296,887	250,162

10. LAND USE RIGHTS

	1999	1998
Land use rights	43,235	43,235
Less: accumulated amortization	(1,994)	(1,126)
Net	41,241	42,109

11. LONG-TERM INVESTMENTS

	1999	1998
Long-term Investments – Equity Method:		
Dalian Sanyo Compressor Company Limited	60,658	62,378
Dalian Sanyo Refrigeration Company Limited	89,950	81,441
Dalian Sanyo Cold- Chain Company Limited	59,913	59,450
Dalian Grand Ocean Thermo King Transport Refrigeration Engineering Company Limited	4,531	7,886
Grand Ocean Auto Air - Conditioning Engineering (Dalian) Company Limited	17,849	17,317
Dalian Meica Electronics Company Limited	12,310	15,271
Dalian Honjo Chemical Company Limited	7,281	6,212
Thermo King-Dalian Transport Refrigeration Company Limited	13,062	12,199
Dalian Sanyo Air Conditioner Company Limited	45,704	41,144
Dalian Sanyo Food Systems Company Limited	20,725	24,506
Dalian Sanyo Home Appliance Company Limited	12,423	16,039
	344,406	343,843

Long-term Investments – Cost Method:

Guotai Junan Securities Company Limited ("Guotai Junan")	37,890	-
Others	7,641	5,393
	389,937	349,236

In May 1997, the Company entrusted a total of RMB 35,000,000 to Dalian Bingshan Group Company Limited ("Bingshan Group") for investment in Junan Securities Company Limited ("Junan"). This amount was included in the Company's financial statements as due from Bingshan Group. In 1998 Junan underwent a corporate restructuring to merge with Guotai Securities Company Limited and establish Guotai Junan. Accordingly, the Company ceased the entrustment arrangement in 1999 and transferred the title of the investment to the Company. Furthermore, the Company increased the amount of investment in Guotai Junan to RMB 37, 890,000. After the addition capital injection, the investment held by the Company represents 1.02% of the share capital of Guotai Junan. The Company recorded investment income of RMB 8,640,000 for the year ended December 31, 1999.

12. INVENTORIES

	1999	1998
Raw materials	31,670	23,457
Work-in-process	149,521	113,896
Finished goods	163,814	193,799
	345,005	331,152
Less: provision for inventory loss	(4,471)	-
Net	340,534	331,152

13. NOTES AND ACCOUNTS RECEIVABLE

	1999	1998
Notes receivable	4,027	6,047
Accounts receivable	118,648	84,921
	122,675	90,968
Less: allowance for doubtful debts	(16,026)	(11,101)
Net	106,649	79,867

14. CASH AND BANK DEPOSITS

	1999	1998
Cash on hand	83	55
Current bank deposits	57,011	35,611
Fixed bank deposits	270,731	280,647

	327,825	316,313

15. SHARE CAPITAL

As of December 31, 1999 and 1998, the details of share capital (par value of RMB 1 each) are as follows:

	Percentage	Number of shares	Amount
		('000)	
State shares	29.8%	104,423	104,423
Legal person shares	9.2%	32,222	32,222
Domestic investment shares ("A shares")	28.1%	98,370	98,370
Domestically listed foreign investment shares ("B shares")	32.9%	115,000	115,000
	100%	350,015	350,015

State shares, legal person shares and A shares can only be owned and traded by investors in the PRC; while B Shares can be owned and traded by overseas investors only.

16. RESERVES

(a) Capital Reserve

In accordance with the articles of association of the Company, the followings shall be recorded as capital reserve: (i) share premium; (ii) donations; (iii) appreciation arising from revaluation of assets; and (iv) other items in accordance with the articles of association and relevant regulations in the PRC. Capital reserve may be utilized to offset prior years' losses or for issuance of bonus shares.

(b) Statutory Surplus Reserves

In accordance with the Company Law of the PRC and the Company's articles of association, the Company shall appropriate 10% of its annual statutory net income (after offsetting any prior years' losses) to the statutory surplus reserve account. When the balance of such reserve reaches 50% of the Company's share capital, any further appropriation is optional. The statutory surplus reserve can be utilized to offset prior years' losses or to issue bonus shares. However, such statutory surplus reserve must be maintained at a minimum of 25% of share capital after such issuance.

(c) Statutory Public Welfare Fund

According to the relevant financial regulations of the PRC and the Company's articles of association, the Company is also required to allocate 5% to 10% of its statutory net profit to a statutory public welfare fund to be used for the collective welfare of the employees of the Company.

(d) Discretionary Surplus Reserve

The appropriation to the discretionary surplus reserve is made based on resolution at shareholders' meetings.

17. DIVIDENDS

(a) In accordance with the articles of association, provisions of Statutory Surplus Reserves, Statutory Public Welfare Fund and Discretionary Surplus Reserve should be based on profit after taxation determined in accordance with PRC accounting standards and financial regulations. Dividend declaration shall be determined based on the lower of the retained earnings determined under the accounting principles and financial regulations applicable in the PRC and that determined under IAS.

The board of directors of the Company proposed to appropriate 10% of its 1999 statutory profit to Statutory Surplus Reserves, Statutory Public Welfare Fund and Discretionary Surplus Reserve respectively, and proposed a cash dividend of RMB 0.1 per share. Analysis of the appropriations to Statutory Surplus Reserves, Statutory Public Welfare Fund and Discretionary Surplus Reserve in the statutory accounts and financial statements prepared under IAS is as follows:

	Statutory Accounts	Accounts under IAS
Retained earnings, beginning of year	16,339	4,272
Effect of change in accounting policies for statutory accounts on retained earnings	(11,208)	4,803
Profit after taxation and minority interests	71,064	64,200
Appropriations:		
- Transfer to Statutory Surplus Reserve	(7,106)	(7,106)
- Transfer to Statutory Public Welfare Fund	(7,106)	(7,106)
- Transfer to Discretionary Surplus Reserve	(7,107)	(7,107)
- Appropriations to reserves by a subsidiary	(585)	(585)
Distributable profit attributable to shareholders	54,291	51,371
Cash dividends	(35,001)	(35,001)
Retained earnings, end of year	19,290	16,370

The above proposed appropriations are subject to approval by the shareholders in the coming annual general meeting.

(b) Sales Company made appropriations to the Statutory Reserve Fund and Statutory Public Welfare Fund according to the resolution of the board of directors. In the consolidated financial statements, the Company's share of the Statutory Reserve Fund and Statutory

Public Welfare Fund has been recorded, based on the equity interest of Sales Company held by the Company.

18. EARNINGS PER SHARE

The calculation of earnings per share was based on the profit after taxation and minority interests of approximately RMB 64,200,000 (1998: approximately 65,168,000) divided by the number of ordinary shares outstanding during the year of 350,014,975 shares (1998: 330,795,797 shares on weighted average basis).

19. LONG-TERM LOANS

	1999	1998
Not exceeding one year	22,300	12,000
More than one year but not exceeding two years	4,192	8,300
More than two years but not exceeding five years	-	4,050
	26,492	24,350
Less: Current portion of long-term loans	(22,300)	(12,000)
	4,192	12,350

Long-term loans bear interest at rates ranging from 2% to 7.65% (1998: 3.84% to 6.38%) per annum and are all guaranteed by Bingshan Group.

20. SHORT-TERM BANK LOANS

Short-term bank loans bear interest at rates ranging from 5.58% to 6.39% (1998: 6.12% to 7.11%) per annum and are all guaranteed by Bingshan Group.

21. RELATED PARTY TRANSACTIONS

(a) Name of related party and relationship

Name	Relationship with the Company
Bingshan Group	Major shareholder of the Company
Dalian Sanyo Refrigeration Company Limited (“DSRC”)	Associated company of the Company
Dalian Sanyo Cold-Chain Company Limited (“DSCCC”)	Associated company of the Company
Dalian Sanyo Air Conditioner Company Limited (“DSACC”)	Associated company of the Company
Dalian Sanyo Compressor Company Limited (“DSCC”)	Associated company of the Company
Grand Ocean Auto Air - Conditioning Engineering (Dalian) Company Limited (“GOAAEC”)	Associated company of the Company

Dalian Grand Ocean Thermo King Transport Refrigeration Engineering Company Limited ("DGOTKTREC")	Associated company of the Company
Dalian Meica Electronics Company Limited ("DMEC")	Associated company of the Company
Dalian Honjo Chemical Company Limited ("DHCC")	Associated company of the Company

Name	Relationship with the Company
Themo King-Dalian Transport Refrigeration Company Limited ("TKDTRC")	Associated company of the Company
Bingshan Group Cold Drink Equipment Company Limited ("BGCDEC")	Wholly-owned subsidiary of Bingshan Group
Dalian No.1 Refrigeration Equipment Factory ("D1REF")	Wholly-owned subsidiary of Bingshan Group
Dalian No.3 Refrigeration Equipment Factory ("D3REF")	Wholly-owned subsidiary of Bingshan Group
China Dalian Switchgear Works ("CDSW")	Wholly-owned subsidiary of Bingshan Group
Jinzhou Heavy Machinery Works ("JHMW")	Wholly-owned subsidiary of Bingshan Group
Bingshan Group Shanghai Sales Branch ("BGSSB")	Controlling subsidiary of Bingshan Group
Dalian Refrigeration Auxiliary Equipment Plant ("DRAEP")	Controlling subsidiary of Bingshan Group
Dalian Rubber and Plastics Machinery Works ("DRPMW")	Controlling subsidiary of Bingshan Group
Dalian Baltimore Aircool Refrigeration Company Limited ("DBARC")	Controlling subsidiary of Bingshan Group
Dalian Zheng Xing Switchgear Plant ("DZXSP")	Associated company of Bingshan Group
Dalian Spindle Cooling Towers Company Limited ("DSCTC")	Associated company of Bingshan Group

(b) Significant transactions with related parties

	1999	1998
Purchase of finished goods from		
- DSRC	74,413	80,646
- DSACC	54,631	78,798
- DSCCC	45,590	43,991
- DSCC	30,046	30,147
- CDSW	16,184	19,552
- DRAEP	15,257	-
- DBARC	14,474	-
- DSCTC	12,981	-
- D1REF	10,775	12,269
- D3REF	9,724	8,713
- BGCDEC	3,851	-
- DZXSP	2,106	-
- Others	184	-
	290,216	274,116

Management fee/ Comprehensive service fee paid to		
- Bingshan Group	-	800

	1999	1998
Interest earned from		
- Bingshan Group	-	5,145

(c) Significant balances with related parties

As of December 31, 1999 and 1998:

	1999	1998
Due from related parties		
- DSRC	13,719	31,333
- D1REF	7,990	4,390
- JHMW	6,111	-
- GOAAEC	4,198	4,997
- DSCCC	2,994	-
- DGOTKTREC	2,537	-
- TKDTRC	2,000	-
- CDSW	1,825	2,938
- BGSSB	1,098	-
- Bingshan Group	-	22,930
- Others	1,443	234
Total	43,915	66,822
Due to related parties		
- Bingshan Group	25,963	-
- BGCDEC	5,718	4,535
- DRAEP	5,320	2,434
- DBARC	4,294	-
- DRPMW	2,311	-
- DSCC	1,594	360
- DSCTC	1,300	-
- DZXSP	1,040	-
- DSCCC	-	2,082
- Others	1,265	2,307
Total	48,805	11,718

In accordance with an agreement entered into by the Company and Bingshan Group, the Company shall pay an annual management fee of not more than RMB 3,000,000 to Bingshan Group with effect from January 1, 1998. Pursuant to the agreement entered into by the Company and Bingshan Group on December 25, 1999, management fee for 1999 is waived by Bingshan Group.

The balance due from/to related parties are unsecured, non-interest bearing and are expected to be settled within one year.

22. IMPACT OF IAS ADJUSTMENTS ON PROFIT AFTER TAXATION AND MINORITY INTERESTS AND NET ASSETS

	Profit after taxation and Minority interests		Net assets	
	1999	1998	1999	1998
As reported in the statutory accounts of the Group	71,064	70,533	1,059,514	1,039,438
Adjustment on prior years' profit and net assets due to change in accounting policies on statutory accounts	-	(5,174)	-	(16,011)
As reported in the statutory accounts of the Group, as restated	71,064	65,359	1,059,514	1,023,427
Allowance for doubtful debts	(3,841)	(3,018)	-	3,841
Provision for inventory loss	(4,471)	2,208	-	4,471
Sales cut-off	(1,222)	(1,489)	638	1,860
Equity accounting of investments	1,821	585	(2,052)	(3,873)
Others	849	1,523	(1,228)	(2,077)
As restated for the Group under IAS	64,200	65,168	1,056,872	1,027,649

23. COMMITMENTS AND CONTINGENT LIABILITIES

As of December 31, 1999 and 1998, the Group had no significant commitments or contingent liabilities.

24. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation.

IX Other Related Information of the Company

(1) Date that the Company was first registered: December 18, 1993

Registered address: 888, Xinan Road, Shahekou District, Dalian

(2) Business license registration number of enterprise legal representative:

DA GONG SHANG QI FA ZI 21020011003266-1368

(3) Tax Registration Number: GUO SHUI DA ZI JIE 210204242361300
DI SHUI DA SAN ZI 210204242361303

(4) Name of institution on trust of the non-negotiable shares of the Company: Shenzhen Securities Registration Co., Ltd.

(5) Certified public accounting firms engaged by the Company

Certified public accounting firm in the Mainland: Dalian Xinyi Certified Public Accounting Firm Ltd.
Office Address: Room No. 26 Harbor Building, No. 12 Changjiang Road, Dalian

Certified public accounting firm in Hongkong: Arthur Andersen & Co.
Office Address: Hongkong

X. Contents of Reference Documents

(1) Accounting statements carried with personal signatures and seals of legal representative, chief accountant and accounting supervisor.

(2) Original of auditors' report carried with seals of certified public accounting firms as well as personal signatures and seals of certified public accountants.

(3) Texts of all documents and originals of all announcements made public by the Company in the newspapers designated by China Credentials Committee in the report period.

Available Time: Monday – Friday
8:00 – 12:00 (AM)
1:00 – 5:00 (PM)

Liaison Persons: Song Wenbao and Qiu Tao
Tel: 0086-411-6653081-8130
Fax: 0086-411-6654530

DALIAN REFRIGERATION COMPANY LIMITED AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

(Amounts expressed in thousands of Renminbi ("RMB"), except earnings per share)

	Note	1999	1998
SALES, net	4	706,534	633,906
COST OF SALES	5	(584,603)	(496,020)
GROSS PROFIT		121,931	137,886
OTHER OPERATING INCOME		38,894	49,556
SELLING EXPENSE		(32,160)	(30,084)
GENERAL AND ADMINISTRATIVE EXPENSE		(64,306)	(69,795)
OTHER OPERATING EXPENSE		(31,736)	(43,921)
OPERATING PROFIT		32,623	43,642
FINANCIAL EXPENSE, net		(4,256)	(6,380)
INVESTMENT INCOME	6	42,187	35,002
PROFIT BEFORE TAXATION AND MINORITY INTERESTS	7	70,554	72,264
TAXATION	8	(4,229)	(5,572)
PROFIT AFTER TAXATION BUT BEFORE MINORITY INTERESTS		66,325	66,692
MINORITY INTERESTS		(2,125)	(1,524)
PROFIT AFTER TAXATION AND MINORITY INTERESTS	22	64,200	65,168
EARNINGS PER SHARE	18	RMB 0.18	RMB 0.20

The accompanying notes are an integral part of these consolidated financial statements.

DALIAN REFRIGERATION COMPANY LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

AS OF DECEMBER 31, 1999 AND 1998

(Amounts expressed in thousands of Renminbi)

	Note	1999	1998
ASSETS			
Non-current assets			
Fixed assets, net	9	297,832	296,887
Construction-in-progress		2,489	9,416
Land use rights, net	10	41,241	42,109
Goodwill, net		6,714	7,482
Deferred assets, net		4,830	5,980
Long-term investments	11	389,937	349,236
Total non-current assets		743,043	711,110
Current assets			
Inventories, net	12	340,534	331,152
Notes and accounts receivable, net	13	106,649	79,867
Due from related parties	21	43,915	66,822
Deferred expenses and other receivables		19,763	25,798
Prepayments		26,037	15,272
Cash and bank deposits	14	327,825	316,313
Total current assets		864,723	835,224
Total assets		1,607,766	1,546,334

DALIAN REFRIGERATION COMPANY LIMITED AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (CONTINUED)
AS OF DECEMBER 31, 1999 AND 1998
(Amounts expressed in thousands of Renminbi)

	Note	1999	1998
LIABILITIES AND SHAREHOLDERS' EQUITY			
Shareholders' equity			
Share capital	15	350,015	350,015
Reserves	16	706,857	677,634
Total shareholders' equity	22	1,056,872	1,027,649
Minority interests		26,174	24,410
Long-term loans, net of current portion	19	4,192	12,350
Current liabilities			
Short-term bank loans	20	249,850	242,850
Current portion of long-term loans	19	22,300	12,000
Notes and accounts payable		97,960	102,787
Advances from customers		59,158	73,851
Salaries payable		667	870
Staff welfare payable		3,495	4,030
Due to related parties	21	48,805	11,718
Dividend payable		32,642	32,225
Accrual and other current liabilities		5,651	1,594
Total current liabilities		520,528	481,925
Total liabilities and shareholders' equity		1,607,766	1,546,334

The accompanying notes are an integral part of these consolidated financial statements.

DALIAN REFRIGERATION COMPANY LIMITED AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

(Amounts expressed in thousands of Renminbi)

		Reserves						
	Share capital	Capital reserve	Statutory surplus reserve	Statutory public welfare fund	Discretionary surplus reserve	Retained earnings	Total reserves	Total shareholders' equity
	Note 15	Note 16(a)	Note 16(b)	Note 16(c)	Note 16(d)	Note 17		
Balance at January 1, 1998	235,015	307,880	59,213	25,850	11,398	(4,735)	399,606	634,621
Gross proceeds of share issuance	115,000	272,967	-	-	-	-	272,967	387,967
Expense payment of share issuance	-	(25,222)	-	-	-	-	(25,222)	(25,222)
Donations and others	-	116	-	-	-	-	116	116
Net profit for 1998	-	-	-	-	-	65,168	65,168	65,168
Appropriations:								
- statutory surplus reserve	-	-	7,053	-	-	(7,053)	-	-
- statutory public welfare fund	-	-	-	7,053	-	(7,053)	-	-
- discretionary surplus reserve	-	-	-	-	7,054	(7,054)	-	-
- cash dividends	-	-	-	-	-	(35,001)	(35,001)	(35,001)
Balance at December 31, 1998	350,015	555,741	66,266	32,903	18,452	4,272	677,634	1,027,649

Adjustment on prior years' profit appropriation due to change in accounting policies on statutory accounts (Note 17(a))	-	-	(1,601)	(1,601)	(1,601)	4,803	-	-
Balance at December 31, 1998, as restated	350,015	555,741	64,665	31,302	16,851	9,075	677,634	1,027,649
Donations and others	-	24	-	-	-	-	24	24
Net profit for 1999	-	-	-	-	-	64,200	64,200	64,200
Appropriations (Note 17):								
- statutory surplus reserve	-	-	7,106	-	-	(7,106)	-	-
- statutory public welfare fund	-	-	-	7,106	-	(7,106)	-	-
- discretionary surplus reserve	-	-	-	-	7,107	(7,107)	-	-
- appropriations to reserves by a subsidiary	-	-	390	195	-	(585)	-	-
- proposed cash dividends	-	-	-	-	-	(35,001)	(35,001)	(35,001)
Balance at December 31, 1999	350,015	555,765	72,161	38,603	23,958	16,370	706,857	1,056,872

The accompanying notes are an integral part of these consolidated financial statements.

DALIAN REFRIGERATION COMPANY LIMITED AND ITS SUBSIDIARIES
CONSOLIDATED CASH FLOW STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998
(Amounts expressed in thousands of Renminbi)

	1999	1998
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit before taxation and minority interests	70,554	72,264
Adjustments for:		
Allowance for doubtful debts	4,925	9,271
Provision for inventory loss	4,471	-
Depreciation of fixed assets	21,195	19,437
Amortization of land use rights, goodwill and deferred assets	2,944	1,946
Loss on disposal of fixed assets	117	14
Share of profits of associated companies	(32,918)	(34,067)
Other investment income	(9,269)	(935)
Interest income	(13,497)	(17,347)
Interest expense	17,753	23,727
Increase in notes and accounts receivable	(31,707)	(25,547)
Increase in inventories	(13,853)	(65,566)
Increase in amounts due from related parties	(16,557)	(12,509)
(Increase) decrease in prepayments, deferred expenses and other receivables	(5,062)	12,890
Increase in notes and accounts payable, advances from customers and other current liabilities	4,055	55,999
Increase (decrease) in amounts due to related parties	26,645	(2,574)
Cash generated from operations	29,796	37,003
Income tax paid	(20,283)	(9,143)
Interest received	13,888	12,202
Interest paid	(17,753)	(23,906)
Net cash generated from operating activities	5,648	16,156

	1999	1998
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of fixed assets and construction-in-progress	(19,562)	(64,751)
Proceeds from disposal of fixed assets	30	8
Increase in deferred assets	(158)	(4,109)
Increase in long-term investments	(2,308)	(107,068)
Dividends received from associated companies	36,819	8,504
Other investment income received	6,320	3,694
Decrease in other long-term investments	60	-
Net cash generated from (used in) investing activities	21,201	(163,722)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net increase in short-term bank loans	7,000	29,700
Increase in long-term loans	14,142	9,000
Repayments of long-term loans	(12,000)	(12,700)
Proceeds from share issuance	-	387,967
Expenses on share issuance paid	-	(21,187)
Dividends paid	(24,503)	(49,455)
Contributions from minority interests	-	7,255
Others	24	116
Net cash (used in) generated from financing activities	(15,337)	350,696
NET INCREASE IN CASH AND BANK DEPOSITS	11,512	203,130
CASH AND BANK DEPOSITS, BEGINNING OF YEAR	316,313	113,183
CASH AND BANK DEPOSITS, END OF YEAR	327,825	316,313

The accompanying notes are an integral part of these consolidated financial statements.