

DALIAN REFRIGERATION CO., LTD.

QUARTERLY REPORT FOR FIRST QUARTER, 2015

§1 Important Notes

1.1 The directors and the Board of Directors, the supervisors and the Supervisory Board, and Senior staff members of Dalian Refrigeration Co., Ltd. (hereinafter referred to as the Company) hereby confirm that there are no any important omissions, fictitious statements or serious misleading carried in this report, and shall take all responsibilities, individual and/or joint, for the reality, accuracy and completeness of the whole contents.

1.2 All the directors have attended this Board meeting of the Company.

1.3 Chairman of the Board of Directors of the Company Mr. Ji Zhijian, Financial Majordomo Mrs. Rong Yan, and the head of Accounting Department Mrs. Mao Chunhua hereby confirm that the financial report of the quarterly report is true and complete.

1.4 This report is written respectively in Chinese and in English. In the event of any discrepancy between the two above-mentioned versions, the Chinese version shall prevail.

§2 Company Profile

2.1 Major accounting data and financial indexes

	January-March, 2015	January-March, 2014	Increase/decrease over the same period of last year
Total operating income	393,941,332.13	374,282,883.67	5.25%
Net profit attributable to shareholders of listed companies	22,435,890.92	20,642,828.05	8.69%
Net profit attributable to shareholders of listed companies after deducting non-recurring gains/losses	22,373,319.52	20,709,697.13	8.03%
Net cash generated from operating activities	-128,634,794.42	-52,200,052.13	-146.43%
Basic earnings per share	0.06	0.06	0.00%
Diluted earnings per share	0.06	0.06	0.00%
Return on equity	1.13%	1.08%	Increase 0.05 percentage points
	March 31, 2015	December 31, 2014	Increase/decrease over the end of last year
Total assets	3,122,025,088.31	3,053,930,248.25	2.23%
Owner's equity attributable to shareholders of listed companies	2,047,116,199.05	1,967,027,256.13	4.07%

Item of non-recurring gains and losses	Amount from beginning of year to the end of report period
Tax returned/reduced by chance	619.81
Non-operating income and expense, net	97,863.78
Income tax effect	23,607.50
Minority shareholders' gains and losses	12,304.69
Total	62,571.40

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

Total shareholders at the end of report period	33,705	
Particulars about shares held by the top ten negotiable shareholders not subject to conditional sales		
Name of shareholder	EOY (shares)	Type
Dalian Bingshan Group Co., Ltd.	57,641,762	A
Sanyo Electric Co., Ltd.	35,001,500	B
Lion flexible configuration hybrid securities investment fund	5,727,033	A
Everbright Baode securities investment fund	5,000,000	A
Tibet Aier Medical Investment Co., Ltd.	4,699,359	A
Zhongrong International Trust Co., Ltd. — Rongda Wenyeng securities investment trust plans of assembled funds	3,148,124	A
Shanghai International Trust Co., Ltd.	2,998,942	A
BOCI SECURITIES LIMITED	2,736,554	B
Jiang Youchang	2,017,566	A
Sun Huiming	1,959,911	B

§3 Important Matters

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

Applicable Inapplicable

1. The notes receivable remarkably increased in comparison with the beginning of the year, mainly due to increase of the cargo account with notes receivable from customers.
2. The amount of advances remarkably increased in comparison with the beginning of the year, mainly due to the advances for purchase of the equipment and for the project.
3. The project in construction remarkably increased in comparison with the beginning of the year, mainly due to the increase of civil engineering construction.
4. The notes payable remarkably increased in comparison with the beginning of the year, mainly due to increase of paying the purchase money with notes payable by the Company.
5. The employee's compensation payable remarkably decreased in comparison with the beginning of year, mainly due to that the provision for employee's compensation payable allotted at the end of the previous period was paid in this period.
6. The taxes payable remarkably increased in comparison with the beginning of the year, mainly due to the increase of value added tax.
7. The financial expenses remarkably increased, mainly due to decrease of the term deposit with less interest revenue.
8. The assets impairment losses remarkably decreased, mainly due to decrease of the accounts receivable more than one years and decrease of the provision for bad debts in the same period.
9. The net cash flow from operating activities remarkably declined, mainly due to the decrease of cash received from sales of goods or rendering of services.
10. The net cash flow from investing activities remarkably declined, mainly because the Company paid the equity transfer money of Dalian Bingshan Metal Processing Co., Ltd.
11. The net cash flow from financing activities remarkably increased, mainly because the Company received the restricted equity subscription money paid by incentive object.

3.2 Undertaking matters for trial sales of state shares and implementation

✓ Applicable Inapplicable

The implementation for management equity incentive plan has been performed during the reporting period.

3.3 Precautions on forecasting that by the beginning of year till the end of the next report period, the accumulated net profit may be turned into loss or change greatly compared with that in the same period of the last year, and description of the cause

Applicable ✓ Inapplicable

3.4 Table of investigation, communication, interview received

Reception time	Reception location	Reception form	Type of received persons	Received persons	Topic in discussion and provided information
Jan. 14, 2015	Company's office	Field investigation	Institution	He Siyuan from HUA CHUANG Securities.; Jin Wuyang from E FUND MANAGEMENT Co., Ltd.; Zhang Wei from Bocom Schrodgers; Xiao Qunxi from HUA TAI Securities; Wan Fangfang from China Asset Management Co., Ltd.; Meng Xia from Harvest Fund; Zhang Yu from TIAN HONG FUND MANAGEMENT Co., Ltd. Cai Yi from Everbright Pramerica FUND MANAGEMENT Co., Ltd.; Zhu Yuanfeng from SHANGHAI HULI ASSET MANAGEMENT Co., Ltd.	Information about the fundamentals of the Company
Jan. 16, 2015	Company's office	Field investigation	Institution	Xu Jianhua from Orient Securities Co., Ltd; Zhang Zhao from GF Securities; He Yiguang from Great Wall Fund Management Co.,Ltd.	
Jan. 19, 2015	Company's office	Field investigation	Institution	Yu Huiling from Karst Peak Capital Limited	
Jan. 27, 2015	Company's office	Field investigation	Institution	Li Ming from GUOYUAN Securities(Hong Kong) ;Wang Rui from Panther Asset Management Co., Ltd; Li Ran from South China PE Investment Fund;Chen Changfeng from Shenzhen City River Asset Management Co., Ltd;	
Mar. 17 2015	Company's office	Field investigation	Institution	Huang Zhiqing from Hanlun investment consulting (ShangHai) Co., Ltd;	

§4 Financial Report (attached)

Not audited.

Board of Directors of Dalian Refrigeration Co., Ltd.

April 22, 2015

BALANCE SHEET

Prepared by Dalian Refrigeration Co., Ltd.

March 31, 2015

Unit: RMB Yuan

Assets	31-Mar-2015		31-Dec-2014	
	Consolidation	Parent Company	Consolidation	Parent Company
Current assets:				
Monetary funds	422,039,037.49	338,370,470.68	508,511,466.02	407,573,197.89
Financial assets which are measured by fair value and which changes are recorded in current profit and loss				
Derivative financial assets				
Notes receivable	48,494,797.91	37,030,346.61	14,855,957.70	15,711,896.93
Accounts receivable	538,294,410.73	282,216,634.28	438,880,830.12	205,307,502.60
Accounts in advance	26,206,191.71	11,911,393.78	19,053,269.75	8,470,706.14
Interest receivables	5,760,186.99	5,760,186.99	4,998,982.40	4,998,982.40
Dividend receivable				
Other receivables	39,982,638.32	21,844,125.73	34,266,444.02	21,265,905.54
Inventories	302,473,442.21	174,910,382.67	314,879,106.56	164,069,128.20
Assets held for sale				
Non-current asset due within one year				
Other current assets	2,040,741.47	1,708,429.35	2,335,139.79	1,659,559.91
Total current assets	1,385,291,446.83	873,751,970.09	1,337,781,196.36	829,056,879.61
Non-current assets:				
Finance asset held available for sales	42,428,388.70	41,113,246.20	42,428,388.70	41,113,246.20
Held-to-maturity investment				
Long-term account receivable				
Long-term equity investment	1,058,800,014.25	1,181,678,985.67	1,039,229,738.85	1,146,858,810.27
Investment property	24,956,077.75	24,956,077.75	25,108,909.00	25,108,909.00
Fixed assets	406,171,842.38	234,696,135.54	414,293,269.31	239,721,541.76
Construction in progress	29,344,959.63	21,905,731.81	18,515,449.46	18,280,777.19
Engineering material				
Disposal of fixed asset				
Productive biological asset				
Oil and gas asset				
Intangible assets	152,928,758.00	89,323,557.16	153,913,310.25	89,919,836.54
Expense on Research and Development				
Goodwill				
Long-term expenses to be apportioned	5,503,772.98	5,172,151.32	5,873,398.99	5,537,394.66
Deferred income tax asset	16,599,827.79	7,738,695.83	16,786,587.33	8,054,057.26
Other non-current asset				
Total non-current asset	1,736,733,641.48	1,606,584,581.28	1,716,149,051.89	1,574,594,572.88
Total assets	3,122,025,088.31	2,480,336,551.37	3,053,930,248.25	2,403,651,452.49

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

BALANCE SHEET (CONTINUED)

Prepared by Dalian Refrigeration Co., Ltd.

March 31, 2015

Unit: RMB Yuan

Liabilities and shareholders' equity	31-Mar-2015		31-Dec-2014	
	Consolidation	Parent Company	Consolidation	Parent Company
Current liabilities:				
Short-term loans	60,000,000.00		60,000,000.00	
Derivative financial liabilities				
Notes payable	153,794,184.29	114,597,103.43	109,546,502.61	66,979,512.02
Accounts payable	498,502,878.47	290,058,709.37	511,076,537.82	302,053,679.95
Accounts received in advance	107,124,355.40	83,112,024.46	137,629,315.42	96,325,866.23
Wage payable	31,237,906.89	3,683,392.00	55,993,637.27	13,854,152.86
Taxes payable	16,462,431.83	3,046,688.87	2,642,729.69	-2,710,393.15
Interest payable				
Dividend payable	533,156.00	533,156.00	533,156.00	533,156.00
Other accounts payable	62,958,829.18	32,682,531.57	60,075,814.04	49,270,430.42
Liabilities held for sale				
Non-current liabilities due within one year				
Other current liabilities				
Total current liabilities	930,613,742.06	527,713,605.70	937,497,692.85	526,306,404.33
Non-current liabilities:				
Long-term loans				
Bonds payable				
Long-term account payable				
Long-term wage payable				
Special accounts payable				
Projected liabilities				
Deferred income	52,349,109.69	5,839,609.69	52,773,884.19	5,985,884.19
Deferred income tax liabilities				
Other non-current liabilities				
Total non-current liabilities	52,349,109.69	5,839,609.69	52,773,884.19	5,985,884.19
Total liabilities	982,962,851.75	533,553,215.39	990,271,577.04	532,292,288.52
Shareholders' equity				
Share capital	360,164,975.00	360,164,975.00	350,014,975.00	350,014,975.00
Other equity instruments				
Capital public reserve	629,791,058.29	629,791,058.29	582,288,006.29	582,288,006.29
Specialized reserve				
Other comprehensive income	2,768,286.72	1,539,359.10	2,768,286.72	1,539,359.10
Special preparation				
Surplus public reserve	545,788,247.99	545,788,247.99	545,788,247.99	545,788,247.99
Retained profit	508,603,631.05	409,499,695.60	486,167,740.13	391,728,575.59
Translation of foreign currency capital				
Total owner's equity attributable to parent company	2,047,116,199.05	1,946,783,335.98	1,967,027,256.13	1,871,359,163.97
Minority interests	91,946,037.51		96,631,415.08	
Total owner's equity	2,139,062,236.56	1,946,783,335.98	2,063,658,671.21	1,871,359,163.97
Total liabilities and shareholder's equity	3,122,025,088.31	2,480,336,551.37	3,053,930,248.25	2,403,651,452.49

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

INCOME STATEMENT

Prepared by Dalian Refrigeration Co., Ltd. January-March, 2015 Unit: RMB Yuan

Items	January-March, 2015		January-March, 2014	
	Consolidation	Parent Company	Consolidation	Parent Company
I. Total sales	393,941,332.13	140,314,467.62	374,282,883.67	217,115,363.87
Including: Operating income	393,941,332.13	140,314,467.62	374,282,883.67	217,115,363.87
II. Total operating cost	384,626,946.87	137,641,411.87	366,352,721.55	213,451,817.74
Including: Operating cost	323,034,478.60	117,390,426.14	298,175,021.24	179,986,409.09
Taxes and associate charges	3,253,523.16	908,801.77	2,769,660.58	881,268.98
Selling and distribution expenses	18,498,229.05	657,674.71	18,790,788.18	9,028,567.46
Administrative expenses	42,244,320.33	23,015,905.32	47,081,482.83	26,315,173.50
Financial expense	-992,802.36	-2,228,986.57	-2,022,694.73	-2,759,601.29
Impairment loss	-1,410,801.91	-2,102,409.50	1,558,463.45	
Add: Gain/(loss) from change in fair value				
Gain/(loss) from investment	15,366,075.40	15,366,075.40	15,965,189.18	15,965,189.18
Including: income from investment on affiliated enterprise and jointly enterprise	15,366,075.40	15,366,075.40	15,033,372.77	15,033,372.77
III. Operating profit	24,680,460.66	18,039,131.15	23,895,351.30	19,628,735.31
Add: non-business income	523,858.09	156,408.50	436,805.42	146,275.25
Including: profit from non-current asset disposal				
Less: non-business expense	600.00		114,885.34	104,144.94
Including: loss from non-current asset disposal			54,520.94	54,144.94
IV. Total profit	25,203,718.75	18,195,539.65	24,217,271.38	19,670,865.62
Less: Income tax	2,203,305.40	424,419.64	1,765,332.00	1,056,567.43
V. Net profit	23,000,413.35	17,771,120.01	22,451,939.38	18,614,298.19
Net profit attributable to parent company	22,435,890.92	17,771,120.01	20,642,828.05	18,614,298.19
Minority shareholders' gains and losses	564,522.43		1,809,111.33	
VI. After-tax net amount of other comprehensive incomes			-11,250.00	-11,250.00
After-tax net amount of other comprehensive incomes attributable to owners of the Company			-11,250.00	-11,250.00
(I) Other comprehensive incomes that will not be reclassified into gains and losses				
1. Changes in net liabilities or assets with a defined benefit plan upon re-measurement				
2. Enjoyable shares in other comprehensive incomes in investees that cannot be reclassified into gains and losses under the equity method				
.....				
(II) Other comprehensive incomes that will be reclassified into gains and losses			-11,250.00	-11,250.00
1. Enjoyable shares in other comprehensive incomes in investees that will be reclassified into gains and losses under the equity method			-11,250.00	-11,250.00
2. Gains and losses on fair value changes of available-for-sale financial assets				
3. Gains and losses on reclassifying held-to-maturity investments into available-for-sale financial assets				
4. Effective hedging gains and losses on cash flows				
5. Foreign-currency financial statement				

translation difference				
6. Other				
.....				
After-tax net amount of other comprehensive incomes attributable to minority shareholders				
VII Total comprehensive income	23,000,413.35	17,771,120.01	22,440,689.38	18,603,048.19
Total comprehensive income attributable to parent company	22,435,890.92	17,771,120.01	20,631,578.05	18,603,048.19
Total comprehensive income attributable to minority shareholders	564,522.43		1,809,111.33	
VIII. Earnings per share	--			
(I) basic earnings per share	0.06		0.06	
(II) diluted earnings per share	0.06		0.06	

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

CASH FLOW STATEMENT

Prepared by Dalian Refrigeration Co., Ltd.

January -March, 2015

Unit: RMB Yuan

Items	January -March, 2015		January -March, 2014	
	Consolidation	Parent Company	Consolidation	Parent Company
I. Cash flows arising from operating activities:				
Cash received from selling commodities and providing labor services	168,986,081.23	28,836,321.34	258,168,491.59	129,517,068.78
Write-back of tax received	191,191.89			
Other cash received concerning operating activities	6,535,219.95	3,079,486.91	10,317,082.95	7,064,206.98
Subtotal of cash inflow arising from operating activities	175,712,493.07	31,915,808.25	268,485,574.54	136,581,275.76
Cash paid for purchasing commodities and receiving labor service	162,207,962.07	80,610,184.43	166,004,472.76	105,195,308.57
Cash paid to/for staff and workers	91,911,242.24	38,017,364.23	95,676,251.19	61,112,064.90
Taxes paid	20,384,745.23	7,324,384.03	25,901,701.92	10,673,352.23
Other cash paid concerning operating activities	29,843,337.95	6,752,073.30	33,103,200.80	18,348,465.16
Subtotal of cash outflow arising from operating activities	304,347,287.49	132,704,005.99	320,685,626.67	195,329,190.86
Net cash flows arising from operating activities	-128,634,794.42	-100,788,197.74	-52,200,052.13	-58,747,915.10
II. Cash flows arising from investing activities:				
Cash received from recovering investment			15,000,000.00	15,000,000.00
Cash received from investment income			283,450.00	250,000.00
Net cash received from disposal of fixed, intangible and other long-term assets				
Net cash received from disposal of subsidiaries and other units				
Other cash received concerning investing activities				
Subtotal of cash inflow from investing activities	0.00	0.00	15,283,450.00	15,250,000.00
Cash paid for purchasing fixed, intangible and other long-term assets	13,203,094.43	5,394,470.50	8,032,238.93	6,814,611.62
Cash paid for investment	13,454,100.00	19,454,100.00		
Net cash received from payment of subsidiaries and other business units				
Other cash paid concerning investing activities				
Subtotal of cash outflow from investing activities	26,657,194.43	24,848,570.50	8,032,238.93	6,814,611.62
Net cash flows arising from investing activities	-26,657,194.43	-24,848,570.50	7,251,211.07	8,435,388.38
III. Cash flows arising from financing activities:				
Cash received from absorbing investment	60,434,000.00	56,434,000.00		
Including: Cash received from absorbing minority shareholders' equity investment by subsidiaries	4,000,000.00			
Cash received from loans	14,860,000.00		7,400,000.00	
Other cash received concerning financing activities	32,953,876.63	16,145,665.64		
Subtotal of cash inflow from financing activities	108,247,876.63	72,579,665.64	7,400,000.00	0.00
Cash paid for settling debts	3,000,000.00		2,800,000.00	

Cash paid for dividend and profit distributing or interest paying	3,404,791.88		2,356,211.54	
Including: dividends or profit paid by subsidiaries to minority shareholders			1,544,036.54	
Other cash paid concerning financing activities	21,149,935.79	17,020,534.09		
Subtotal of cash outflow from financing activities	27,554,727.67	17,020,534.09	5,156,211.54	0.00
Net cash flows arising from financing activities	80,693,148.96	55,559,131.55	2,243,788.46	0.00
IV. Influence on cash due to fluctuation in exchange rate	-69,647.80	41.03	4,381.10	97.56
V. Net increase of cash and cash equivalents	-74,668,487.69	-70,077,595.66	-42,700,671.50	-50,312,429.16
Add: Balance of cash and cash equivalents at the period -begin	475,557,589.39	391,427,532.25	502,339,160.35	431,494,649.19
VI. Balance of cash and cash equivalents at the period-end	400,889,101.70	321,349,936.59	459,638,488.85	381,182,220.03

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