

DALIAN REFRIGERATION CO., LTD.

QUARTERLY REPORT FOR FIRST QUARTER, 2012

§1 Important Notes

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

1.2 The Company's quarterly financial report has not been audited.

1.3 Chairman of the Board of Directors of the Company Mr. Zhang He, Financial Majordomo and the head of Accounting Department Ms. Xu Junrao 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

	By the end of the report period	By the end of last year	Increase/decrease over the end of last year(%)
Total assets	2,963,417,185.48	3,053,660,921.27	-2.96%
Owner's equity attributable to shareholders of listed companies	1,714,830,736.58	1,748,822,103.82	-1.94%
Share capital	350,014,975.00	350,014,975.00	0.00%
Net assets per share attributable to shareholders of listed companies	4.90	5.00	-2.00%
	Report period	From beginning of year to the end of report period	Increase/decrease over the same period of last year(%)
Total operating income	416,590,690.21	391,702,895.55	6.35%
Net profit attributable to shareholders of listed companies	18,510,879.01	14,537,035.74	27.34%
Net cash generated from operating activities	-101,030,858.72	32,412,671.07	-411.70%
Net cash per share generated from operating activities	-0.29	0.09	-422.22%
Basic earnings per share	0.05	0.04	25.00%
Diluted earnings per share	0.05	0.04	25.00%
Return on equity	1.07%	0.84%	Increase 0.23 percent age points
ROE after deducting non-recurring gains/losses	1.06%	0.82%	Increase 0.24 percent age points

Item of non-recurring gains and losses	Amount from beginning of year to the end of report period
Non-operating income and expense, net	310,891.33
Income tax effect	-49,720.66
Minority shareholders' gains and losses	-115,679.44
Total	145,491.23

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

Total shareholders at the end of report period	37,432	
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 Value Growth Stock Fund	11,638,614	A
Lion Growth Stock Fund	10,909,348	A
DREYFUS GREATER CHINA FD	9,691,505	B
Xinhua Life Insurance Co., Ltd. - Dividend - Individual Dividend - 018L-FH002 sz	2,555,359	A
Everbright Securities Co., Ltd.	2,508,261	A
SYWG MU New Power Stock Fund	2,500,000	A
Ping An Trust Co., Ltd. - Springs Capital	1,736,629	A
Dalian Industrial Development Investment Corp.	1,622,250	A

§3 Important Matters

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

Applicable Inapplicable

1. The notes receivable were remarkably less than that at the beginning of the year mainly due to increase of the sales incomes with increase of the amount of purchase and payment.
2. The amount of advances was remarkably more than that at the beginning of the year mainly due to the advances for purchase of the equipment and for the project.
3. The wages & welfarism payable to employees was remarkably less than that at the beginning of year mainly due to payment of the provision for wages & welfarism payable to employees allotted at the end of the previous period in this period.
4. The dividend payable was remarkably more than that at the beginning of the year mainly due to the Company drew dividend payable according to the resolutions of 2011 shareholders' general meeting.
5. The business tax and surcharge remarkably increased mainly due to increase of the VAT payment.
6. The financial expenses remarkably decreased mainly due to decrease of the loans with less interest expenditure.
7. The assets impairment loss remarkably increased mainly due to increase of the receivable

accounts of the subsidiary companies and increase of the provision for bad debts.

8. The returns on investment remarkably increased mainly due to increase of the profit made by the joint-ventures and partnerships.

9. The net amount of cash flow generated in operating activities remarkably decreased mainly due to decrease of orders with less advances.

3.2 Analytic description of the progress of major matters, their influence and solutions

3.2.1 Nonstandard opinions

Applicable Inapplicable

3.2.2 The Company's financing for its holding shareholders or associated parties or illegally providing external guarantee

Applicable Inapplicable

3.2.3 Execution and performance of major contracts in daily operation

Applicable Inapplicable

3.2.4 Others

Applicable Inapplicable

3.3 Undertaking matters for trial sales of state shares and implementation

Applicable Inapplicable

Except the immature condition of being implementation for management share incentive scheme, Dalian Bingshan Group strictly perform the commitment in share reform.

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

Applicable Inapplicable

3.5 Other important events

3.5.1 Securities investment

Applicable Inapplicable

3.5.2 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. 8, 2012	Company's office	By telephone	Institution	E Fund's researchers	Information about the fundamentals of the Company
Feb. 6, 2012	Company's office	By telephone	Institution	China Gold's and Taikang Asset's researchers	
Mar. 8, 2012	Company's office	By telephone	Institution	Lion Fund's, Sinolink Securities', CITIC Securities', CITIC China Securities' and Taikang Asset's researchers	
Mar. 13, 2012	Company's office	By telephone	Institution	Wanjia Assets' and Northeast Securities' researchers	
Mar. 14, 2012	Company's office	By telephone	Institution	Hua An Fund's and China Gold's researchers	

3.6 Derivative financial products investment

Applicable Inapplicable

3.7 Work plan for construction of the internal control for 2012

	Work task	Plan completion schedule	Responsible person
1	Define the range of implementing the internal control in 2012, i. e. the subsidiaries and its major business processes which were not included in the range of internal control in 2011, identify any risks and prepare the list of risks.	2012.6.30	The Company's internal control leading group and its office
2	Compare the existing system of the related subsidiary with the list of risks and find the defects of internal control.	2012.8.31	
3	Prepare the internal control improvement plan.	2012.8.31	
4	Put the internal control improvement into practice.	2012.10.31	
5	Check the improvement result.	2012.12.31	
6	Disclose the information on performance of the internal control as required.	2013.4.30	The Company's board of directors

§4 Financial Report (attached)

Not audited.

Board of Directors of Dalian Refrigeration Co., Ltd.
April 23, 2012

BALANCE SHEET

Prepared by Dalian Refrigeration Co., Ltd.

March 31, 2012

Unit: RMB

Assets	March 31, 2012		Dec.31, 2011	
	Consolidation	Parent Company	Consolidation	Parent Company
Current assets:				
Monetary funds	571,180,956.60	508,462,435.83	690,377,489.30	594,857,597.61
Transaction finance asset				
Notes receivable	18,280,859.78	10,116,056.76	61,349,222.44	51,237,973.23
Accounts receivable	414,788,788.91	233,873,266.47	352,272,297.80	185,606,613.36
Accounts in advance	87,568,631.27	43,812,021.58	45,740,166.61	16,322,595.52
Dividend receivable			27,875.00	2,550,000.00
Other receivables	15,649,905.74	6,482,270.27	15,337,832.91	5,484,699.04
Inventories	383,799,122.33	161,115,868.06	424,394,356.21	203,119,832.06
Non-current asset due within one year				
Other current assets				
Total current assets	1,491,268,264.63	963,861,918.97	1,589,499,240.27	1,059,179,310.82
Non-current assets:				
Finance asset held available for sales				
Long-term equity investment	907,962,226.00	1,037,539,454.92	897,199,251.97	1,026,776,480.89
Investment property				
Fixed assets	339,236,511.36	170,046,543.62	345,637,807.19	174,783,093.86
Construction in progress	38,300,094.42	28,030,959.18	34,202,656.33	26,480,045.35
Engineering material				
Disposal of fixed asset				
Intangible assets	167,728,875.96	99,473,585.73	168,752,848.07	100,108,883.04
Expense on Research and Development				
Goodwill				
Long-term expenses to be apportioned	3,085,377.36	2,701,163.66	3,119,996.94	2,731,400.57
Deferred income tax asset	15,835,835.75	9,879,538.78	15,249,120.50	9,879,538.78
Other non-current asset				
Total non-current asset	1,472,148,920.85	1,347,671,245.89	1,464,161,681.00	1,340,759,442.49
Total assets	2,963,417,185.48	2,311,533,164.86	3,053,660,921.27	2,399,938,753.31

BALANCE SHEET (CONTINUED)

Liabilities and shareholders' equity	March 31, 2012		Dec.31, 2011	
	Consolidation	Parent Company	Consolidation	Parent Company
Current liabilities:				
Short-term loans	13,000,000.00		13,000,000.00	
Transaction financial liabilities				
Notes payable	111,216,381.00	81,628,098.00	140,955,686.44	114,926,347.95
Accounts payable	498,334,836.41	324,843,827.30	484,167,682.03	319,035,202.48
Accounts received in advance	297,375,440.86	128,631,809.94	357,134,809.60	176,699,547.11
Wage payable	25,401,194.86	1,278,858.37	53,629,466.31	22,616,177.81
Taxes payable	21,102,911.82	17,286,246.71	19,008,551.29	14,406,741.42
Dividend payable	53,035,402.25	53,035,402.25	3,783,156.00	533,156.00
Other accounts payable	42,323,305.31	35,717,317.27	49,336,938.85	48,687,496.38
Non-current liabilities due within one year				
Other current liabilities	1,699,101.00	585,101.00	1,699,101.00	585,101.00
Total current liabilities	1,063,488,573.51	643,006,660.84	1,122,715,391.52	697,489,770.15
Non-current liabilities:				
Long-term loans				
Projected liabilities				
Deferred income tax liabilities				
Other non-current liabilities	86,174,753.75	37,437,252.75	84,713,255.75	35,697,252.75
Total non-current liabilities	86,174,753.75	37,437,252.75	84,713,255.75	35,697,252.75
Total liabilities	1,149,663,327.26	680,443,913.59	1,207,428,647.27	733,187,022.90
Shareholders' equity				
Share capital	350,014,975.00	350,014,975.00	350,014,975.00	350,014,975.00
Capital public reserve	586,837,221.82	585,608,294.20	586,837,221.82	585,608,294.20
Less: Inventory shares				
Surplus public reserve	458,998,713.57	458,998,713.57	445,492,052.28	445,492,052.28
Retained profit	318,979,826.19	236,467,268.50	366,477,854.72	285,636,408.93
Total owner's equity attributable to parent company	1,714,830,736.58	1,631,089,251.27	1,748,822,103.82	1,666,751,730.41
Minority interests	98,923,121.64		97,410,170.18	
Total owner's equity	1,813,753,858.22	1,631,089,251.27	1,846,232,274.00	1,666,751,730.41
Total liabilities and shareholder's equity	2,963,417,185.48	2,311,533,164.86	3,053,660,921.27	2,399,938,753.31

Legal representative: Zhang He Person in charge of accounting organ: Xu Junrao

Principal of accounting organ: Xu Junrao

INCOME STATEMENT

Prepared by Dalian Refrigeration Co., Ltd.

January-March, 2012

Unit: RMB

Items	January-March, 2012		January-March, 2011	
	Consolidation	Parent Company	Consolidation	Parent Company
I. Total sales	416,590,690.21	270,964,645.51	391,702,895.55	253,198,029.96
Including: Operating income	416,590,690.21	270,964,645.51	391,702,895.55	253,198,029.96
II. Total operating cost	405,594,161.26	263,124,581.67	379,683,003.86	245,646,902.70
Including: Operating cost	340,008,362.48	231,160,863.83	317,853,432.18	215,509,662.82
Taxes and associate charges	2,667,562.08	2,104,896.33	1,564,240.09	770,149.20
Selling and distribution expenses	18,210,903.49	6,621,646.85	17,670,553.26	6,299,060.72
Administrative expenses	41,332,443.10	23,695,151.06	40,362,445.90	22,462,171.32
Financial expense	-209,198.06	-457,976.40	707,074.84	605,858.64
Impairment loss	3,584,088.17		1,525,257.59	
Add: gain from change in fair value				
Gain/(loss) from investment	10,762,974.03	10,762,974.03	7,042,544.80	7,042,544.80
Including: income from investment on affiliated enterprise and jointly enterprise	10,762,974.03	10,762,974.03	7,042,544.80	7,042,544.80
Foreign exchange difference				
III. Operating profit	21,759,502.98	18,603,037.87	19,062,436.49	14,593,672.06
Add: non-business income	581,182.40	262,648.20	1,045,415.13	108.41
Less: non-business expense	43,491.85	321.27	29,173.01	4,036.56
Including: loss from non-current asset disposal	12,798.55	321.27	2,359.00	
IV. Total profit	22,297,193.53	18,865,364.80	20,078,678.61	14,589,743.91
Less: Income tax	2,273,363.06	2,025,597.69	3,052,991.02	1,886,846.78
V. Net profit	20,023,830.47	16,839,767.11	17,025,687.59	12,702,897.13
Net profit attributable to parent company	18,510,879.01	16,839,767.11	14,537,035.74	12,702,897.13
Minority shareholders' gains and losses	1,512,951.46		2,488,651.85	
VI. Earnings per share				
(I) basic earnings per share	0.05		0.04	
(II) diluted earnings per share	0.05		0.04	
. Other comprehensive income	0.00		778,500.00	778,500.00
. Total comprehensive income	20,023,830.47	16,839,767.11	17,804,187.59	13,481,397.13
Total comprehensive income attributable to parent company	18,510,879.01	16,839,767.11	15,315,535.74	13,481,397.13
Total comprehensive income attributable to minority shareholders	1,512,951.46		2,488,651.85	

Legal representative: Zhang He

Person in charge of accounting organ: Xu Junrao

Principal of accounting organ: Xu Junrao

CASH FLOW STATEMENT

Prepared by Dalian Refrigeration Co., Ltd.

January-March, 2012

Unit: RMB

Items	January-March, 2012		January-March, 2011	
	Consolidation	Parent Company	Consolidation	Parent Company
I. Cash flows arising from operating activities:				
Cash received from selling commodities and providing labor services	300,997,253.96	170,783,982.00	408,869,620.25	255,280,986.92
Write-back of tax received				
Other cash received concerning operating activities	9,718,581.10	6,453,994.48	9,851,456.95	6,582,649.99
Subtotal of cash inflow arising from operating activities	310,715,835.06	177,237,976.48	418,721,077.20	261,863,636.91
Cash paid for purchasing commodities and receiving labor service	263,608,866.42	168,811,635.20	260,442,075.71	147,160,027.10
Cash paid to/for staff and workers	80,105,769.58	47,974,612.79	66,448,921.48	39,588,357.52
Taxes paid	37,562,124.14	24,453,539.89	21,893,482.43	12,596,763.62
Other cash paid concerning operating activities	30,469,933.64	14,006,315.72	37,523,926.51	18,316,500.95
Subtotal of cash outflow arising from operating activities	411,746,693.78	255,246,103.60	386,308,406.13	217,661,649.19
Net cash flows arising from operating activities	-101,030,858.72	-78,008,127.12	32,412,671.07	44,201,987.72
II. Cash flows arising from investing activities:				
Cash received from recovering investment				
Cash received from investment income	27,875.00	2,550,000.00	27,875.00	
Net cash received from disposal of fixed, intangible and other long-term assets			1,966.00	1,966.00
Other cash received concerning investing activities				
Subtotal of cash inflow from investing activities	27,875.00	2,550,000.00	29,841.00	1,966.00
Cash paid for purchasing fixed, intangible and other long-term assets	6,291,298.54	1,637,023.00	5,832,708.30	3,409,194.62
Cash paid for investment				
Other cash paid concerning investing activities				
Subtotal of cash outflow from investing activities	6,291,298.54	1,637,023.00	5,832,708.30	3,409,194.62
Net cash flows arising from investing activities	-6,263,423.54	912,977.00	-5,802,867.30	-3,407,228.62
III. Cash flows arising from financing activities				
Cash received from absorbing investment				
Cash received from loans	1,000,000.00		1,500,000.00	

Other cash received concerning financing activities				
Subtotal of cash inflow from financing activities	1,000,000.00	0.00	1,500,000.00	0.00
Cash paid for settling debts				
Cash paid for dividend and profit distributing or interest paying	3,560,416.89		834,613.04	741,774.99
Other cash paid concerning financing activities	63,007.69		73,432.05	
Subtotal of cash outflow from financing activities	3,623,424.58	0.00	908,045.09	741,774.99
Net cash flows arising from financing activities	-2,623,424.58	0.00	591,954.91	-741,774.99
IV. Influence on cash due to fluctuation in exchange rate	21,174.14	-11.66	4,198.64	2.89
V. Net increase of cash and cash equivalents	-109,896,532.70	-77,095,161.78	27,205,957.32	40,052,987.00
Add: Balance of cash and cash equivalents at the period -begin	681,077,489.30	585,557,597.61	491,775,575.71	373,620,785.42
VI. Balance of cash and cash equivalents at the period-end	571,180,956.60	508,462,435.83	518,981,533.03	413,673,772.42

Legal representative: Zhang He Person in charge of accounting organ: Xu Junrao

Principal of accounting organ: Xu Junrao