



Dalian Refrigeration Co., Ltd.
2013 Semiannual Report

August, 2013

Section 1 Important Notice, Table of Contents, and Definitions

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 not 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.

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

The company plans to distribute no cash dividends, no bonus shares and convert no reserve fund into capital stock.

Chairman of the Board of Directors of the Company Mr. Xiao Yongqin, Financial Majordomo and the head of Accounting Department Ms. Rong Yan hereby confirm that the financial report of the semi-annual report is true and complete.

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.

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Definitions

| Defined item | Stands for | Meaning |
|----------------------------|------------|--|
| Reporting period | Stands for | From Jan. 1, 2013 to Jun. 30, 2013 |
| The Company, this Company | Stands for | Dalian Refrigeration Co., Ltd. |
| Wuxin Refrigeration | Stands for | Wuhan New World Refrigeration Industries Co., Ltd., one of the controlled subsidiaries of this Company, where the Company holds 51% of its shares. |
| Dalian Sanyo Compressor | Stands for | Dalian Sanyo Compressor Co., Ltd., one of the mutual shareholding companies of the Company, where the Company holds 40% of its shares. |
| Dalian Sanyo Cold Chain | Stands for | Dalian Sanyo Cold Chain Co., Ltd., one of the mutual shareholding companies of the Company, where the Company holds 40% of its shares. |
| Dalian Sanyo Refrigeration | Stands for | Dalian Sanyo Refrigeration Co., Ltd., one of the mutual shareholding companies of the Company, where the Company holds 40% of its shares. |
| Scroll compressor | Stands for | A high-efficiency and energy-saving full-hermetic compressor using advanced technology |
| OA | | That is, office automation. Through digitalized office, the existing management organization structure can be optimized to increase the coordinated office capability and decision-making effect on basis of increasing efficiency. |
| 5S | | It refers to such five items as organization, rectification, clearing, cleaning and quality. As all of the Japanese Roman Pinyin start with “S”, so it is simply called as 5S. Carrying out activities with organization, rectification, clearing, cleaning and quality as the contents is called “5S” activities. |

Section 2 About the Company

I. Company information

| | |
|------------------------------------|--------------------------------|
| Short form of the stock | DALENG GUFEN; DALENG-B |
| Stock code | 000530; 200530 |
| Listed stock exchange | Shenzhen Stock Exchange |
| Legal name in Chinese | 大连冷冻机股份有限公司 |
| Short form of legal name | 大冷股份 |
| Legal English name | Dalian Refrigeration Co., Ltd. |
| Abbreviation of legal English name | DRC |
| Legal representative | Xiao Yongqin |

II. Contact persons and information

| | Secretary of the Board of Directors | Authorized representative for securities affairs |
|---------|--|--|
| Name | Song Wenbao | Song Wenbao (proxy) |
| Address | DALENG GUFEN Securities Department, No. 888, Xinan Road, Shahekou District, Dalian | DALENG GUFEN Securities Department, No. 888, Xinan Road, Shahekou District, Dalian |
| Tel. | 0411-86538130 | 0411-86538130 |
| Fax | 0411-86654530 | 0411-86654530 |
| E-mail | 000530@bingshan.com | 000530@bingshan.com |

III. Other situations

1. Contact of company

If the registered address, office address and zip code, website, email box of the company had any change in the report period

Applicable Not applicable

The registered address, office address and zip code, website, email box of the company had no change in the report period. Refer to the Annual Report for 2012 for detail.

2. Information disclosure and place of preparation

If the information disclosure and the place of preparation had any change in the report period

Applicable Not applicable

The name of newspaper for information disclosure selected by the company, the address of the website designated by China Securities Regulatory Commission for carrying semi-annual report, the place where the semi-annual report of the company is prepared had no change in the report period. Refer to the Annual Report for 2012 for detail.

3. Registration variation

If registration varied in the report period

Applicable Not applicable

| | Registration date | Registration place | Registered number of Business License of the Corporate Legal Entity | Registered number for taxation | Organization code |
|---|---|--|---|--------------------------------------|-------------------|
| Initial registration | Jun. 13, 2011 | No. 888, Xinan Road, Shahekou District, Dalian | 210200000266757 | DA GUO, DI SHA (ZHI) 210204242361300 | 24236130-0 |
| Registration at the end of the reporting period | Mar. 1, 2013 | No. 888, Xinan Road, Shahekou District, Dalian | 210200000266757 | DA GUO, DI SHA (ZHI) 210204242361300 | 24236130-0 |
| Notes to registration variation | On Mar. 1, 2013, under examination and ratification of Dalian Industrial & Commercial Administration Bureau, the legal representative of the company was changed from Zhang He to Xiao Yongqin. | | | | |

4. Other related information

If other related information varied in the report period

Applicable Not applicable

Section 3 Summary of Main Accounting Data and Financial Indicators

I. Main accounting data and financial indicators

Did the Company retroactively adjust or restate the accounting data of previous years due to change in the accounting policy and correction of accounting mistakes?

Yes No

| Summary of the accounting data | Report period (from Jan. through Jun.) | Same period in the last year | Increase/decrease compared with the same period of the last year (%) |
|---|--|------------------------------|--|
| Operating revenue | 792,124,153.23 | 851,218,300.53 | -6.94% |
| Net profit attributable to shareholders of listed companies | 65,122,435.00 | 66,392,427.44 | -1.91% |
| Net profit belonging to the shareholders of listed companies after the deduction of non-recurring profit and loss | 62,382,278.37 | 63,276,376.07 | -1.41% |
| Net cash flow from operating activities | 3,743,258.07 | -127,635,520.05 | 102.94% |
| Basic earning per share | 0.19 | 0.19 | 0.00% |
| Diluted earnings per share | 0.19 | 0.19 | 0.00% |
| Weighted average return on net asset yield | 3.61% | 3.81% | Decrease 0.20 percentage points |
| | End of this report period | End of last year | Increase/decrease compared with the end of last year (%) |
| Total assets | 2,938,354,029.31 | 2,937,190,656.69 | 0.04% |
| Owner's equity attributable to shareholders of listed companies | 1,819,351,823.30 | 1,808,800,737.71 | 0.58% |

II. Difference of accounting data between as per Chinese accounting standards and as per International Accounting Standards

The difference of accounting data between as per Chinese Accounting Standards and as per International Accounting Standards was 0.

III. Non-recurring profits and losses and their amounts

| Item | Amount |
|---|--------------|
| Disposal gains and losses of non-current asset | 18,357.21 |
| Government subsidies included in current profit or loss | 20,300.00 |
| Other non-operating revenue or expense | 3,586,025.90 |
| Influence on income tax | 915,792.50 |
| Influence on minority shareholders | -31,266.02 |
| Influence on net profit | 2,740,156.63 |

Section 4 Board of Directors' Report

I. Summary

After the management changing work was finished in the first half year of 2013, the new leading group brought up a new operating philosophy as being pragmatic, changing, sustained new operation and the operating theme for 2013 as changing, upgrading. Being faced with many unfavorable factors such as insufficient investment power, weak consumption growth, credit fund shortage, low market demand, etc., the company launched an attack on its own initiative, seized the opportunities without delay, actively made a comprehensive change, made effort to open up market externally, badly emphasized basic management internally, strived to realize the operation plan indicators and lay a solid foundation for sustained development in future. In the report period, the Company made the sales income of 792.12 million yuan, accounting for 49.20% of 1,610 million yuan of the Company's annual business indicator for 2013, down by 6.94% from the same period of last year; and the total amount of profit of 71.6 million yuan, accounting for 53.04% of 135 million yuan of the Company's annual business indicator for 2013, down by 1.18% from the same period of last year.

In the report period, the company attended China Refrigeration Exhibition in a unified group image, held meetings for nationwide distributors, established sales directors for ten major nationwide regions and adopted such changing moves as reforming the distribution system for salespersons, perfecting the after-sale maintenance system, etc. to respond to market changes actively and upgrade the marketing work with effort.

In the report period, the company took the initiative to strengthen the basic management, upgrade the implementation capacity and improve quality and benefits through such changing moves as adjusting the organization structure and mid-level cadres, OA basic platform erection, promotion of 5S activities, putting into practice new work modes, etc.

In the report period, ORC screw expansion power generation device developed by Wuxin Refrigeration, one of the subsidiaries of the company, made a successful trial run. That device adopts full microcomputer control, realizes full automation of device power generation through monitoring of variable frequency working medium pump, liquid level sensor and expander rotation speed, grid electricity load, and provides a full automatic protection to the unit through the pneumatic fast closing valve, fast opening valve of the system. That device can recover such heat sources as waste water, waste gas, etc. below 200℃, broadening the range of residual resources that can be recovered to generate electricity.

In the report period, Dalian Sanyo Compressor, in which the company participates and which is a leading scroll compressor producer domestically, made a new progress in market opening up, with the scale effect continuing to exhibit, the sales income being up by 22% from the same period last year, the gross profit ratio being up by 1.66 percent from the same period of last year and the net profits also having a substantial growth as compared to the same period of last year.

In the report period, Dalian Sanyo Cold Chain in which the company participates carried out in-depth production innovation activities and improved the production efficiency and saved the labor cost by taking such moves as replacing operators with robots, replacing manual lines with automatic lines, etc. The three testing laboratories achieved national level energy efficiency testing qualification, reaching national level requirements in respect of energy efficiency limitation for commercial refrigerating equipment. Under the influence of insufficient orders from overseas market and Japanese Yen depreciation, the sales income reduced by 13% from the same period last year with the net profits also having a substantial decrease as compared to the same period last year.

In the report period, Dalian Sanyo Refrigeration in which the company participates, through integrated operation with Dalian Sanyo Air-conditioner, realized an optimum configuration of resources for large

size air-conditioner business, resulting in the sales income having a substantial growth from the same period last year; under the influence of Japanese Yen depreciation, there was a net loss in exchange influencing the net profits. The national level high-tech enterprise review work for 2012 was successfully passed, and extension of the preferential policy on 10% enterprise income tax reduction and exemption for another three years was gained.

In the report period, in order to further perfect the cold and hot product chains, the company signed an agreement with Japan Mitsubishi Heavy Industry Co., Ltd. to invest jointly to establish a Sino-Japanese joint venture engaging in R & D, purchase, manufacture, sales and after-sale service of centrifugal type refrigerating unit. The company contributed with cash of RMB 36 million yuan, holding 45% shares of the joint venture. Through intense preparatory work for over 3 months, Mitsubishi-Bingshan Refrigeration (Dalian) Co., Ltd. was formally established on Jul. 8, 2013 under approval of the government. On Jul. 25, the new factory held an earth-breaking ceremony in D-D Port of Dalian Development Zone and it is expected that the formal production will be in the early of next year.

In the report period, the company increased capital in Dalian Bingshan Group Import & Export Co., Ltd. in which it participates in the form of converting the undistributed profits that it should enjoy into registered capital. The capital increase this time has been finished. The registered capital of that company has increased from RMB 5 million yuan to RMB 30 million yuan, and at the same time the name of that company has been changed to Dalian Bingshan Engineering & Trading Co., Ltd. The shareholding proportion of the company remains unchanged, which is still 24%.

II. Analysis of main business

In the report period, the Company made the sales income of 792.12 million yuan, accounting for 49.20% of 1,610 million yuan of the Company's annual business indicator for 2013, down by 6.94% from the same period of last year; and the total amount of profit of 71.6 million yuan, accounting for 53.04% of 135 million yuan of the Company's annual business indicator for 2013, down by 1.18% from the same period of last year.

Main financial data variations as compared to the same period last year

Monetary unit : RMB Yuan

| | Report period | Same period of last year | Increase or decrease from the same period of last year (%) | Reason for variation |
|---|----------------|--------------------------|--|--|
| Operating revenue | 792,124,153.23 | 851,218,300.53 | -6.94% | |
| Operating cost | 620,886,543.64 | 676,485,145.01 | -8.22% | |
| Selling and distribution expenses | 46,381,343.35 | 47,194,900.23 | -1.72% | |
| Administrative expenses | 86,984,149.72 | 88,125,363.34 | -1.29% | |
| Financial expenses | -2,085,116.83 | -2,517,029.63 | 17.16% | |
| Income tax | 4,512,062.85 | 3,632,415.19 | 24.22% | |
| Research and development investment | 40,025,740.11 | 39,793,616.23 | 0.58% | |
| Net cash flow coming from operating activities | 3,743,258.07 | -127,635,520.05 | 102.94% | The cash paid for purchasing commodities decreased in the report period obviously. |
| Net cash flow coming from investment activities | -2,697,502.61 | -54,654,242.45 | 95.06% | The cash paid for investment decreased in the report period. |
| Net cash flow coming from fund-raising activities | -45,600,783.85 | -56,966,228.64 | 19.95% | |
| Net increase in cash and cash equivalents | -44,600,048.56 | -239,253,039.96 | 81.35% | The net cash flow coming from operating activities increased in the report period obviously. |

The profit constitutions or profit sources of the company had an important change in the report period

Applicable Not applicable

The profit constitutions or profit sources of the company had no important change in the report period.

Extension of future development and plan into the report period as disclosed in such public documents of the company as share-offering prospectus, capital-raising prospectus and assets reorganization report, etc.

Applicable Not applicable

In such public documents of the company as share-offering prospectus, capital-raising prospectus and assets reorganization report, etc. disclosed no extension of future development and plan into the report period

The company reviewed and summarized the progress of the operating plan disclosed in the earlier stage in the report period.

In the report period, the Company made the sales income of 792.12 million yuan, accounting for 49.20% of 1,610 million yuan of the Company's annual business indicator for 2013; and the total amount of profit of 71.6 million yuan, accounting for 53.04% of 135 million yuan of the Company's annual business indicator for 2013.

III. Main business structure

Monetary unit: RMB yuan

| | Operating revenue | Operating costs | Gross profit (%) | Increase/decrease of operating revenues from the same period of last year (%) | Increase/decrease of operating costs from the same period of last year (%) | Increase/decrease of gross profit from the same period of last year (%) |
|--|-------------------|-----------------|------------------|---|--|---|
| By industry | | | | | | |
| Refrigeration and air-conditioning | 781,945,848.39 | 612,570,078.48 | 21.66% | -6.61% | -7.66% | Increase 0.90 percentage points |
| By product | | | | | | |
| Refrigeration and air-conditioning equipment | 781,945,848.39 | 612,570,078.48 | 21.66% | -6.61% | -7.66% | Increase 0.90 percentage points |
| By region | | | | | | |
| Northeast China | 590,919,291.04 | 471,649,196.95 | 20.18% | -5.79% | -6.53% | Increase 0.64 percentage points |
| East China | 10,554,770.03 | 8,699,608.75 | 17.57% | 29.07% | 31.78% | Decrease 1.68 percentage points |
| Central China | 180,471,787.32 | 132,221,272.78 | 26.73% | -10.61% | -13.12% | Increase 2.12 percentage points |

IV. Analysis of core competence

Boasting the most complete cooling and heating product chain in the industry, the Company can offer to customers the service of package projects from design, manufacture, installation to maintenance to well meet the customized demand of customers.

Having the mature and perfect marketing network and after-sale service network, the Company can offer to customers in more regions the more rapid and considerate high-quality service.

Taking refrigeration and air-conditioning as its main business, the Company effectively combines the independent R&D and the joint ventures and cooperation and has formed a unique development pattern appropriate to itself and the industry.

In the reporting period, the Company's core competence above-mentioned was improved further.

V. Analysis of investments

1. External equity investments

(1) External investments

| External investments | | |
|---|---|---|
| Investment in the report period (yuan) | Investment in the same period of last year (yuan) | Amount of variation |
| 957,009,645.99 | 962,636,635.50 | -0.58% |
| Invested companies | | |
| Name of company | Main business | Equity proportion of listed companies to invested companies (%) |
| For details of the invested companies, see VII-9, 10 in the Explanatory Notes to Accounting Statements. | | |

(2) Held financial companies' equity

| Name of object held | Amount of primary investment | Quantity (Shares) held | Proportion of share equity in that company | Book value at the end of period | Profit and loss within period | Change of owner's equity within period |
|----------------------------------|------------------------------|------------------------|--|---------------------------------|-------------------------------|--|
| Guotai Junan Securities Co., Ltd | 30,098,895.00 | 30,098,895 | 0.49% | 30,098,895.00 | 0.00 | 0.00 |
| Total | 30,098,895.00 | 30,098,895 | - | 30,098,895.00 | 0.00 | 0.00 |

2. Analysis of major subsidiary companies and mutual shareholding companies

Monetary unit: thousand yuan

| Name | Type | Main product | Registered capital | Total assets | Net assets | Operating revenue | Operating profit | Net profit |
|--|---------------------|--------------------------------------|--------------------|--------------|------------|-------------------|------------------|------------|
| Wuhan New World Refrigeration Industries Co., Ltd., | subsidiary | Screw compressor | RMB30,000 | 467,120 | 136,030 | 180,620 | 7,420 | 6,930 |
| Dalian Sanyo Compressor Co., Ltd., | mutual shareholding | Semi-hermetic, and scroll compressor | JPY620,000 | 1,801,980 | 895,280 | 1,181,680 | 99,560 | 84,910 |
| Dalian Sanyo Cold-chain Co., Ltd., | mutual shareholding | Commercial refrigeration equipment | JPY465,000 | 1,375,930 | 521,860 | 921,410 | 13,450 | 11,350 |
| Keinin-Grand Ocean Thermal Technology (Dalian) Co., Ltd. | mutual shareholding | Air-conditioner for cars | USD15,117.89 | 306,370 | 175,620 | 264,540 | 30,750 | 22,790 |

VI. Estimation of the business performance for Jan.-Sept., 2013

Estimation notice that the accumulated net profit from the beginning of year to the end of the next reporting period may be turned into loss or significantly change compared with the same period of the last year, and explanation of the cause

Applicable Inapplicable

VII. Profit distribution and dividend payment

By giving consideration to both the return to shareholders and the Company's long-term development, and in combination of the Company's profit made in the this year, the Company formulated the 2012 annual dividend distribution plan of paying the cash of 1.5 yuan for every 10 shares. Reviewed and adopted at the Company's general meeting, the Company's Board of Directors has implemented the plan in June 2013.

VIII. Record of investigation, communication, interview and other activities in the reporting period

| Reception time | Reception place | Reception mode | Reception object type | Reception object | Main content talked about and information provided |
|----------------|-----------------|-------------------------|-----------------------|--|---|
| Jan. 8, 2013 | Company office | Telephone communication | Institution | Researcher from Galaxy Securities | Company fundamentals having been publicly disclosed |
| Jan. 10, 2013 | Company office | Telephone communication | Institution | Researcher from Huatai Securities | |
| Jan. 22, 2013 | Company office | Telephone communication | Institution | Assets researcher from Taikang Life Insurance | |
| Feb. 6, 2013 | Company office | Telephone communication | Institution | Researchers from CITIC Securities, Galaxy Securities, Huatai Securities, Haitong Securities, Guotai Junan Securities, Guoxin Securities | |
| Feb. 19, 2013 | Company office | Physical survey | Institution | Researchers from CITIC Construction Securities, Fortune SGAM Fund, Everbright Securities | |
| Feb. 27, 2013 | Company office | Physical survey | Institution | Assets researchers from China Galaxy Securities, Haitong Securities, China International Fund Management, Huaxia Fund, Penghua Fund, ABC-CA Fund, ABC Life Insurance, China Life Insurance | |
| Mar. 11, 2013 | Company office | Physical survey | Institution | Researchers from Haitong Securities, Changjiang Securities, Guotai Junan Securities, Wanjia Fund, Fullgoal Fund, Franklin Templeton Sealand Fund | |
| Mar. 19, 2013 | Company office | Physical survey | Institution | Researcher from Sealand Securities | |
| Apr. 22, 2013 | Company office | Telephone communication | Institution | Researcher from Haitong Securities | |
| May 2, 2013 | Company office | Physical survey | Institution | Researcher from CITIC Securities | |
| Jun. 27, 2013 | Company office | Physical survey | Institution | Researchers from BOC International, Tianfeng Securities, Guotai Fund | |
| Jun. 28, 2013 | Company office | Physical survey | Institution | Researchers from Haitong Securities, BOC Fund | |

Section 5 Important Issues

I. Company governing

On Feb. 5, 2013, the company held the first temporary shareholders' meeting for 2013 and the 1st meeting of the 6th Board of Directors, the 1st meeting of the 6th Board of Supervisors to fulfill the management changing work.

The actual situation of company governing has no difference from the Company Law and the requirements of relevant regulations of China Securities Regulatory Commission.

II. Major lawsuit and arbitration issues

Applicable Not applicable

The Company had no major lawsuit and arbitration issues in this reporting period.

III. Media's queries

Applicable Not applicable

There were no media's queries to the Company in the report period.

IV. Important associated transactions

1. Associated transactions related to normal business

In the report period, the total amount of normal associated transactions between the Company and associated parties was 168,860 thousand yuan, accounting for 35.93% of the budgeted amount for the year 2013. This included 82,320 thousand yuan, accounting for 32.93% of the budgeted amount for the year 2013, for purchasing supporting products for package projects from associated parties, and 86,540 thousand yuan, accounting for 39.34% of the budgeted amount for the year 2013, from selling supporting parts and components to associated parties.

2. Other important associated transactions

In the report period, the company together with Dalian Bingshan Group Co., Ltd. as an associated party jointly increased the capital of Dalian Bingshan Group Import & Export Co., Ltd. in which they participate. The temporary announcement about this associated transaction (announcement No.: 2013-014) was published in China Securities B178, Hongkong Commercial Daily B11 and Cninfo website on Apr. 20, 2013.

Relevant inquiry on website disclosing temporary report on important connected transaction

| Temporary announcement name | Date of temporary announcement disclosure | Name of website disclosing temporary announcement |
|--|---|---|
| Announcement on connected transaction to increase the capital of Dalian Bingshan Group Import & Export Co., Ltd. | Apr. 20, 2013 | Cninfo website |

V. Important contracts and its performance

1. Trusteeship, contracting, lease, guarantee matters

Applicable Not applicable

VI. Implementation of commitments

1. Commitments of the Company or its shareholders holding 5% or higher of the shares in the reporting period or carried to the reporting period

Undertaking matters for trial sales of state shares and implementation

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

VII. Engagement, disengagement of CPA office

The semi-annual report has not been audited.

VIII. Punishment and rectification

Applicable Not applicable

Section 6 Change in Share Capital and Shareholders' Information

I. Change in share capital

No change.

II. Number of shareholders and their shareholding

| Total number of shareholders in the reporting period | | | | 40,690 | |
|---|--|------------|------------------------------------|--|---|
| Shareholding of top ten shareholders | | | | | |
| Name | Nature | Proportion | Total number | Number of shares with sale restriction | Number of pledged shares or shares frozen |
| Dalian Bingshan Group Co., Ltd. | Domestic non-state-owned legal person | 21.96% | 76,855,683 | 19,213,921 | |
| Sanyo Electric Co., Ltd. | Overseas legal person | 10.00% | 35,001,500 | 0 | |
| Putian income securities investment fund | Others | 2.04% | 7,125,361 | 0 | |
| BOCI SECURITIES LIMITED | Overseas legal person | 0.98% | 3,427,177 | 0 | |
| Xinhua Life Insurance Co., Ltd. - traditional - common insurance products-018L-CT001 Shen | Others | 0.65% | 2,288,000 | 0 | |
| CIFM industrial rotation stock type securities investment fund | Others | 0.56% | 1,959,050 | 0 | |
| Jiang Youchang | Domestic natural person | 0.49% | 1,721,075 | 0 | |
| Merchants high-quality growth stock type securities investment fund | Others | 0.49% | 1,700,000 | 0 | |
| Guoyuan Securities Brokerage (Hong Kong) Limited | Overseas legal person | 0.47% | 1,628,755 | 0 | |
| Dalian Industrial Development Investment Company | Domestic non-state-owned legal person | 0.46% | 1,622,250 | 0 | |
| Shareholding of top ten shareholders without sale restriction | | | | | |
| Name | Number of shares without sale restriction | | Type of shares | | |
| Dalian Bingshan Group Co., Ltd. | 57,641,762 | | RMB denominated ordinary shares | | |
| Sanyo Electric Co., Ltd. | 35,001,500 | | Domestically listed foreign shares | | |
| Putian income securities investment fund | 7,125,361 | | RMB denominated ordinary shares | | |
| BOCI SECURITIES LIMITED | 3,427,177 | | Domestically listed foreign shares | | |
| Xinhua Life Insurance Co., Ltd. - traditional - common insurance products-018L-CT001 Shen | 2,288,000 | | RMB denominated ordinary shares | | |
| CIFM industrial rotation stock type securities investment fund | 1,959,050 | | RMB denominated ordinary shares | | |
| Jiang Youchang | 1,721,075 | | RMB denominated ordinary shares | | |
| Merchants high-quality growth stock type securities investment fund | 1,700,000 | | RMB denominated ordinary shares | | |
| Guoyuan Securities Brokerage (Hong Kong) Limited | 1,628,755 | | Domestically listed foreign shares | | |
| Dalian Industrial Development Investment Company | 1,622,250 | | RMB denominated ordinary shares | | |
| Notes to the associated relationship and uniform actions of the above shareholders | Dalian Bingshan Group Co., Ltd. had the association relationship with Sanyo Electric Co., Ltd. among the above shareholders. Sanyo Electric Co., Ltd. holds 30% of Dalian Bingshan Group Co., Ltd.'s equity. | | | | |

If the company shareholders had any agreed repurchase transaction in the report period

Yes No

III. Variation in controlling shareholders or actual controllers

Variation in controlling shareholders in the report period

Applicable Not applicable

Variation in actual controllers in the report period

Applicable Not applicable

Section 7 Information on the Company's Directors, Supervisors, and Senior Management officers

I. Variation in shareholding by directors, supervisors and senior management officers

Applicable Not applicable

The shareholding by the directors, supervisors and senior management officers of the company had no change in the report period. Refer to the Annual Report for 2012 for detail.

II. Resignation, dismissal and election, engagement of company directors, supervisors, senior management officers

| Name | Position assumed | Type | Date | Reason |
|-------------------|--|--|--------------|--|
| Zhang He | Chairman, GM | Leave office for expiry of office term | Feb. 5, 2013 | No longer reappointed in company management changing |
| Mu Chuanjiang | Vice Chairman | Leave office for expiry of office term | Feb. 5, 2013 | No longer reappointed in company management changing |
| Yang Bin | Director, Executive Deputy GM | Leave office for expiry of office term | Feb. 5, 2013 | No longer reappointed in company management changing |
| Xu Junrao | Director, Financial majordomo, Secretary of Board of Directors | Leave office for expiry of office term | Feb. 5, 2013 | No longer reappointed in company management changing |
| Hidetoshi Arima | Director | Leave office for expiry of office term | Feb. 5, 2013 | No longer reappointed in company management changing |
| Wang Weijie | Director | Leave office for expiry of office term | Feb. 5, 2013 | No longer reappointed in company management changing |
| Men Yuesheng | Supervisor | Leave office for expiry of office term | Feb. 5, 2013 | No longer reappointed in company management changing |
| Wang Dekun | Deputy GM | Leave office for expiry of office term | Feb. 5, 2013 | No longer reappointed in company management changing |
| Zhang Hongzhi | Deputy GM | Leave office for expiry of office term | Feb. 5, 2013 | No longer reappointed in company management changing |
| Hu Xitang | Deputy GM | Leave office for expiry of office term | Feb. 5, 2013 | No longer reappointed in company management changing |
| Xiao Yongqin | Chairman | Elected | Feb. 5, 2013 | Elected in company management changing |
| Wang Jian | Vice Chairman | Elected | Feb. 5, 2013 | Elected in company management changing |
| Liu Kai | Director, GM | Elected | Feb. 5, 2013 | Elected and engaged in company management changing |
| Wang Zhiqiang | Director, Deputy GM | Elected | Feb. 5, 2013 | Elected and engaged in company management changing |
| Rong Yan | Director, Financial majordomo | Elected | Feb. 5, 2013 | Elected and engaged in company management changing |
| Nagasawa Hideharu | Director | Elected | Feb. 5, 2013 | Elected in company management changing |
| Wang Huiquan | Independent director | Elected | Feb. 5, 2013 | Reelected and reappointed in company management changing |
| Xing Tiancai | Independent director | Elected | Feb. 5, 2013 | Reelected and reappointed in company management changing |
| Liu Caiping | Independent director | Elected | Feb. 5, 2013 | Reelected and reappointed in company management changing |
| Yang Bin | Deputy GM | Engaged | Feb. 5, 2013 | Engaged in company management changing |
| Song Wenbao | Secretary of Board of Directors | Engaged | Feb. 5, 2013 | Engaged in company management changing |
| Yu Fuchun | Chairman of Board of Supervisors | Elected | Feb. 5, 2013 | Reelected and reappointed in company management changing |
| Mao Chunhua | Supervisor | Elected | Feb. 5, 2013 | Reelected and reappointed in company management changing |
| Ma Yun | Supervisor | Elected | Feb. 5, 2013 | Elected in company management changing |

Section 8 Financial report

1. The Company's semiannual financial report has not been audited.

2. Accounting statements

CONSOLIDATED BALANCE SHEET

Prepared by Dalian Refrigeration Company Limited

30 June 2013

Unit: RMB Yuan

| Items | Ending balance | | Beginning Balance | |
|---|------------------|------------------|-------------------|------------------|
| | Consolidation | Parent company | Consolidation | Parent company |
| Current Assets: | | | | |
| Monetary funds | 481,218,686.90 | 398,052,941.34 | 531,896,655.08 | 443,299,858.36 |
| Transaction financial asset | | | | |
| Notes receivable | 68,824,431.79 | 54,231,213.19 | 41,966,544.97 | 27,500,254.79 |
| Account receivable | 367,927,713.02 | 178,524,739.26 | 352,261,726.74 | 173,525,044.14 |
| Account paid in advance | 49,737,317.72 | 24,954,030.60 | 31,249,976.50 | 12,919,740.55 |
| Interest receivable | 1,317,009.71 | 1,317,009.71 | 277,444.44 | 277,444.44 |
| Dividend receivable | 37,200,000.00 | 39,750,000.00 | 39,025.00 | |
| Other account receivable | 20,233,209.87 | 7,306,853.12 | 18,963,969.53 | 6,092,721.42 |
| Financial assets purchased under agreements to resell | | | | |
| Inventories | 358,803,358.50 | 174,418,402.96 | 398,895,095.83 | 201,422,670.07 |
| Non-current assets due within 1 year | | | | |
| Other current assets | 5,316,042.58 | 5,316,042.58 | 6,026,385.86 | 5,956,559.82 |
| Total current assets | 1,390,577,770.09 | 883,871,232.76 | 1,381,576,823.95 | 870,994,293.59 |
| Non-current assets: | | | | |
| Available for sale financial assets | | | | |
| Held to maturity investments | | | | |
| Long-term account receivable | | | | |
| Long-term equity investment | 957,009,645.99 | 1,066,586,874.91 | 962,636,635.50 | 1,072,213,864.42 |
| Investing property | | | 0.00 | 0.00 |
| Fixed asset | 393,906,467.64 | 216,418,544.67 | 404,973,883.42 | 224,624,146.17 |
| Project in construction | 9,387,482.08 | 8,132,288.81 | 1,304,951.56 | 554,009.14 |
| Engineering material | | | | |
| Fixed asset disposal | | | | |
| Bearer biological asset | | | | |
| Oil assets | | | | |
| Intangible assets | 164,087,356.70 | 97,677,321.34 | 165,794,041.15 | 98,611,277.13 |
| Development expense | | | | |
| Goodwill | | | | |
| Long-term expense to be apportioned | 3,253,559.51 | 2,891,259.16 | 2,981,518.62 | 2,610,452.93 |
| Deferred tax assets | 20,131,747.30 | 12,959,825.12 | 17,922,802.49 | 11,125,452.86 |
| Other non-current assets | | | | |
| Total non-current assets | 1,547,776,259.22 | 1,404,666,114.01 | 1,555,613,832.74 | 1,409,739,202.65 |
| Total assets | 2,938,354,029.31 | 2,288,537,346.77 | 2,937,190,656.69 | 2,280,733,496.24 |

CONSOLIDATED BALANCE SHEET (CONTINUED)

Prepared by Dalian Refrigeration Company Limited

30 June 2013

Unit: RMB Yuan

| Items | Ending balance | | Beginning Balance | |
|--|------------------|------------------|-------------------|------------------|
| | Consolidation | Parent company | Consolidation | Parent company |
| Current liabilities: | | | | |
| Short-term borrowings | 39,500,000.00 | | 29,500,000.00 | |
| Transaction financial liabilities | | | | |
| Notes payable | 60,180,876.29 | 33,470,876.29 | 79,127,124.20 | 58,628,509.20 |
| Account payable | 537,613,376.96 | 353,040,134.21 | 436,720,339.20 | 267,244,798.64 |
| Account received in advance | 217,461,668.82 | 103,221,478.85 | 288,041,113.23 | 142,944,087.68 |
| Employee's compensation payable | 35,402,187.11 | 7,465,209.09 | 64,384,750.97 | 29,385,027.38 |
| Tax payable | 12,984,937.86 | 4,980,323.58 | 620,179.66 | -4,577,147.78 |
| Interest payable | | | | |
| Dividend payable | 2,983,156.00 | 533,156.00 | 533,156.00 | 533,156.00 |
| Other account payable | 41,535,359.69 | 32,266,499.45 | 53,435,964.07 | 41,680,362.14 |
| Non-current liabilities due within 1 year | | | | |
| Other current liabilities | 849,550.50 | 292,550.50 | 1,699,101.00 | 585,101.00 |
| Total current liabilities | 948,511,113.23 | 535,270,227.97 | 954,061,728.33 | 536,423,894.26 |
| Non-current liabilities: | | | | |
| Long-term borrowings | | | | |
| Debentures payable | | | | |
| Long-term payables | | | | |
| Specific purpose account payables | | | | |
| Provisions for contingent liabilities | | | | |
| Deferred tax liabilities | | | | |
| Other non-current liabilities | 71,434,479.91 | 23,532,479.91 | 73,275,358.79 | 25,373,358.79 |
| Total non-current liabilities | 71,434,479.91 | 23,532,479.91 | 73,275,358.79 | 25,373,358.79 |
| Total liabilities | 1,019,945,593.14 | 558,802,707.88 | 1,027,337,087.12 | 561,797,253.05 |
| Owner's equity | | | | |
| Share capital | 350,014,975.00 | 350,014,975.00 | 350,014,975.00 | 350,014,975.00 |
| Capital surplus | 584,864,283.21 | 583,635,355.59 | 584,852,283.21 | 583,623,355.59 |
| Less: Treasury Stock | | | | |
| Reserved fund | 491,000,222.86 | 491,000,222.86 | 469,665,883.33 | 469,665,883.33 |
| Retained earnings | 393,472,342.23 | 305,084,085.44 | 404,267,596.17 | 315,632,029.27 |
| Foreign exchange difference | | | | |
| Total owners' equity attributable to holding company | 1,819,351,823.30 | 1,729,734,638.89 | 1,808,800,737.71 | 1,718,936,243.19 |
| Minority interest | 99,056,612.87 | | 101,052,831.86 | |
| Total owner's equity | 1,918,408,436.17 | 1,729,734,638.89 | 1,909,853,569.57 | 1,718,936,243.19 |
| Total liabilities and owner's equity | 2,938,354,029.31 | 2,288,537,346.77 | 2,937,190,656.69 | 2,280,733,496.24 |

CONSOLIDATED INCOME STATEMENT

Prepared by Dalian Refrigeration Company Limited

2013.01-06

Unit: RMB Yuan

| Items | 2013.01-06 | | 2012.01-06 | |
|---|----------------|----------------|----------------|----------------|
| | Consolidation | Parent company | Consolidation | Parent company |
| I. Total sales | 792,124,153.23 | 485,112,570.51 | 851,218,300.53 | 505,055,917.77 |
| Including: Operating income | 792,124,153.23 | 485,112,570.51 | 851,218,300.53 | 505,055,917.77 |
| II. Total operating cost | 769,624,223.97 | 472,867,106.22 | 830,037,679.82 | 494,695,199.14 |
| Including: Operating cost | 620,886,543.64 | 389,637,758.36 | 676,485,145.01 | 410,724,964.56 |
| Taxes and associate charges | 5,765,226.20 | 2,578,772.79 | 6,805,514.00 | 3,492,433.19 |
| Selling and distribution expenses | 46,381,343.35 | 25,644,693.15 | 47,194,900.23 | 23,645,801.67 |
| Administrative expenses | 86,984,149.72 | 51,140,478.61 | 88,125,363.34 | 52,352,128.39 |
| Financial expense | -2,085,116.83 | -3,472,085.71 | -2,517,029.63 | -3,083,205.31 |
| Impairment loss | 11,692,077.89 | 7,337,489.02 | 13,943,786.87 | 7,563,076.64 |
| Add: gain from change in fair value | | | | |
| Gain/(loss) from investment | 44,070,614.51 | 48,883,819.62 | 44,970,228.70 | 51,507,448.75 |
| Including: income from investment on affiliated enterprise and jointly enterprise | 43,570,614.51 | 43,570,614.51 | 44,944,226.71 | 44,944,226.71 |
| Foreign exchange difference | | | | |
| III. Operating profit | 66,570,543.77 | 61,129,283.91 | 66,150,849.41 | 61,868,167.38 |
| Add: non-business income | 5,290,608.96 | 4,515,135.81 | 6,565,830.48 | 5,242,716.25 |
| Less: non-business expense | 264,070.46 | | 260,189.89 | 321.27 |
| Including: loss from non-current asset disposal | 222,418.65 | | 202,086.55 | 321.27 |
| IV. Total profit | 71,597,082.27 | 65,644,419.72 | 72,456,490.00 | 67,110,562.36 |
| Less: Income tax | 4,512,062.85 | 2,355,777.77 | 3,632,415.19 | 2,010,009.24 |
| V. Net profit | 67,085,019.42 | 63,288,641.95 | 68,824,074.81 | 65,100,553.12 |
| Net profit attributable to parent company | 65,122,435.00 | 63,288,641.95 | 66,392,427.44 | 65,100,553.12 |
| Minority shareholders' gains and losses | 1,962,584.42 | | 2,431,647.37 | |
| VI. Earnings per share | -- | | -- | |
| (I) basic earnings per share | 0.19 | | 0.19 | |
| (II) diluted earnings per share | 0.19 | | 0.19 | |
| Other comprehensive income | 9,000.00 | 9,000.00 | | |
| Total comprehensive income | 67,094,019.42 | 63,297,641.95 | 68,824,074.81 | 65,100,553.12 |
| Total comprehensive income attributable to parent company | 65,131,435.00 | 63,297,641.95 | 66,392,427.44 | 65,100,553.12 |
| Total comprehensive income attributable to minority shareholders | 1,962,584.42 | | 2,431,647.37 | |

CONSOLIDATED CASH FLOW STATEMENT

| Prepared by Dalian Refrigeration Company Limited | | 2013.01-06 | | Unit: RMB Yuan | |
|---|----------------|----------------|-----------------|-----------------|--|
| Items | 2013.01-06 | | 2012.01-06 | | |
| | Consolidation | Parent company | Consolidation | Parent company | |
| 1. Cash flows arising from operating activities: | | | | | |
| Cash received from sales of goods or rendering of services | 594,558,071.63 | 370,468,226.76 | 610,935,011.88 | 358,969,357.54 | |
| Refund of tax and fare received | | | | | |
| Other cash received relating to operating activities | 17,634,803.78 | 12,015,353.11 | 16,063,125.43 | 12,118,081.11 | |
| Sub-total of cash inflows | 612,192,875.41 | 382,483,579.87 | 626,998,137.31 | 371,087,438.65 | |
| Cash paid for goods and services | 345,476,050.50 | 224,399,653.37 | 488,730,718.32 | 317,344,034.68 | |
| Cash paid to and on behalf of employees | 150,381,610.32 | 93,910,336.05 | 131,990,555.94 | 80,846,375.01 | |
| Tax and fare paid | 53,234,848.20 | 27,441,204.38 | 79,873,144.61 | 52,112,455.99 | |
| Other cash paid relating to operating activities | 59,357,108.32 | 30,305,961.30 | 54,039,238.49 | 21,439,462.69 | |
| Sub-total of cash outflows | 608,449,617.34 | 376,057,155.10 | 754,633,657.36 | 471,742,328.37 | |
| Net cash flow from operating activities | 3,743,258.07 | 6,426,424.77 | -127,635,520.05 | -100,654,889.72 | |
| 2. Cash Flows arising from Investment Activities: | | | | | |
| Cash received from return of investments | | | 579,183.60 | 579,183.60 | |
| Cash received from investment income | 12,536,629.02 | 14,760,809.13 | 17,526,793.58 | 21,586,138.63 | |
| Net cash received from disposal of fixed assets, intangible assets and other long-term assets | 266,830.00 | | 47,186.00 | | |
| Proceeds from sale of subsidiaries and other operating units | | | | | |
| Other cash received relating to investment activities | | | | | |
| Sub-total of cash inflows | 12,803,459.02 | 14,760,809.13 | 18,153,163.18 | 22,165,322.23 | |
| Cash paid for acquiring fixed assets, intangible assets and other long-term assets | 15,500,961.63 | 10,335,038.00 | 27,997,185.63 | 20,573,308.86 | |
| Cash paid for acquiring investments | | | 44,810,220.00 | 44,810,220.00 | |
| Other cash paid relating to investment activities | | | | | |
| Sub-total of cash outflows | 15,500,961.63 | 10,335,038.00 | 72,807,405.63 | 65,383,528.86 | |
| Net cash flow from investing activities | -2,697,502.61 | 4,425,771.13 | -54,654,242.45 | -43,218,206.63 | |
| 3. Cash Flows arising from Financing Activities: | | | | | |
| Cash received from absorbing investment | | | | | |
| Cash received from borrowings | 24,800,000.00 | | 4,000,000.00 | | |
| Other proceeds relating to financing activities | | | | | |
| Sub-total of cash inflows | 24,800,000.00 | | 4,000,000.00 | | |
| Cash paid for settling debt | 17,000,000.00 | | 3,000,000.00 | | |
| Cash paid for distribution of dividends or profit or reimbursing interest | 53,400,783.85 | 50,524,334.61 | 57,895,300.95 | 52,502,246.25 | |
| Including: Cash paid for distribution of dividends or profit to minority shareholders by shareholding companies | 1,508,803.41 | | 4,772,524.03 | | |
| Other cash payments relating to financing activities | | | 70,927.69 | | |
| Sub-total of cash outflows | 70,400,783.85 | 50,524,334.61 | 60,966,228.64 | 52,502,246.25 | |
| Net cash flow from financing activities | -45,600,783.85 | -50,524,334.61 | -56,966,228.64 | -52,502,246.25 | |
| 4. Influence on cash due to fluctuation in exchange rate | -45,020.17 | -188.69 | 2,951.18 | 42.38 | |
| 5. Increase in cash and cash equivalents | -44,600,048.56 | -39,672,327.40 | -239,253,039.96 | -196,375,300.22 | |
| Add : Cash and cash equivalents at year-begin | 525,818,735.46 | 437,725,268.74 | 681,077,489.30 | 585,557,597.61 | |
| 6. Cash and cash equivalents at the end of the year | 481,218,686.90 | 398,052,941.34 | 441,824,449.34 | 389,182,297.39 | |

CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

Prepared by Dalian Refrigeration Company Limited

2013.01-06

Unit: RMB Yuan

| Items | 2013.01-06 | | | | | | | | |
|---|---|-----------------|------------------------|-----------------|----------------------|------------------|--------|-----------------|-------------------------|
| | Owners' equity attributable to parent company | | | | | | | Minority equity | Total of owners' equity |
| | share capital | Capital surplus | Lessen: treasury stock | Surplus reserve | General risk reserve | Retained profits | Others | | |
| I. balance at the end of last year | 350,014,975.00 | 584,852,283.21 | | 469,665,883.33 | | 404,267,596.17 | | 101,052,831.86 | 1,909,853,569.57 |
| 1. Change of accounting policy | | | | | | | | | |
| 2. Correction of errors in previous period | | | | | | | | | |
| II. Balance at the beginning of this year | 350,014,975.00 | 584,852,283.21 | | 469,665,883.33 | | 404,267,596.17 | | 101,052,831.86 | 1,909,853,569.57 |
| III. Increase/ decrease of amount in this year ("-" means decrease) | | 12,000.00 | | 21,334,339.53 | | -10,795,253.94 | | -1,996,218.99 | 8,554,866.60 |
| (I) Net profit | | | | | | 65,122,435.00 | | 1,962,584.42 | 67,085,019.42 |
| (II) Other comprehensive income | | 12,000.00 | | | | | | | 12,000.00 |
| Subtotal of (I) and (II) | | 12,000.00 | | | | 65,122,435.00 | | 1,962,584.42 | 67,097,019.42 |
| (III) Input an reduced capital of owners | | | | | | | | | |
| 1. Input capital of owners | | | | | | | | | |
| 2. Amount of Shares included in the owners' equity | | | | | | | | | |
| 3. Others | | | | | | | | | |
| (IV) Profit distribution | | | | 21,334,339.53 | | -75,917,688.94 | | -3,958,803.41 | -58,542,152.82 |
| 1. Withdrawing surplus public reserve | | | | 21,334,339.53 | | -21,334,339.53 | | | |
| 2. Withdrawing general risk reserve | | | | | | | | | |
| 3. Distribution to all owners (shareholders) | | | | | | -52,502,246.25 | | -3,958,803.41 | -56,461,049.66 |
| 4. Others | | | | | | -2,081,103.16 | | | -2,081,103.16 |
| (V) Internal carrying forward of owners' equity | | | | | | | | | |
| 1. New increase of capital (share capital) from capital reserves | | | | | | | | | |
| 2. Convert surplus reserves to capital (share capital) | | | | | | | | | |
| 3. Surplus reserves make up losses | | | | | | | | | |
| 4. Others | | | | | | | | | |
| IV. Balance at the end of this period | 350,014,975.00 | 584,864,283.21 | | 491,000,222.86 | | 393,472,342.23 | | 99,056,612.87 | 1,918,408,436.17 |

| Items | 2012.01-12 | | | | | | | | |
|---|---|-----------------|------------------------|-----------------|----------------------|------------------|--------|-----------------|-------------------------|
| | Owners' equity attributable to parent company | | | | | | | Minority equity | Total of owners' equity |
| | share capital | Capital surplus | Lessen: treasury stock | Surplus reserve | General risk reserve | Retained profits | Others | | |
| I. balance at the end of last year | 350,014,975.00 | 586,837,221.82 | | 445,492,052.28 | | 366,477,854.72 | | 97,410,170.18 | 1,846,232,274.00 |
| 1. Change of accounting policy | | | | | | | | | |
| 2. Correction of errors in previous period | | | | | | | | | |
| II. balance at the beginning of this year | 350,014,975.00 | 586,837,221.82 | | 445,492,052.28 | | 366,477,854.72 | | 97,410,170.18 | 1,846,232,274.00 |
| III. Increase/ decrease of amount in this year ("-" means decrease) | | -1,984,938.61 | | 24,173,831.05 | | 37,789,741.45 | | 3,642,661.68 | 63,621,295.57 |
| (I) Net profit | | | | | | 117,142,066.15 | | 8,902,475.05 | 126,044,541.20 |
| (II) Other comprehensive income | | -1,984,938.61 | | | | | | | -1,984,938.61 |
| Subtotal of (I)and (II) | | -1,984,938.61 | | | | 117,142,066.15 | | 8,902,475.05 | 124,059,602.59 |
| (III) Input an reduced capital of owners | | | | | | | | | |
| 1. Input capital of owners | | | | | | | | | |
| 2.Amount of Shares included in the owners' equity | | | | | | | | | |
| 3. Others | | | | | | | | | |
| (IV) Profit distribution | | | | 24,173,831.05 | | -79,352,324.70 | | -5,259,813.37 | -60,438,307.02 |
| 1. Withdrawing surplus public reserve | | | | 24,173,831.05 | | -24,173,831.05 | | | |
| 2. Withdrawing general risk reserve | | | | | | | | | |
| 3. Distribution to all owners (shareholders) | | | | | | -52,502,246.25 | | -5,259,813.37 | -57,762,059.62 |
| 4. Others | | | | | | -2,676,247.40 | | | -2,676,247.40 |
| (V)Internal carrying forward of owners' equity | | | | | | | | | |
| 1. New increase of capital (share capital) from capital reserves | | | | | | | | | |
| 2. Convert surplus reserves to capital(share capital) | | | | | | | | | |
| 3. Surplus reserves make up losses | | | | | | | | | |
| 4. Others | | | | | | | | | |
| IV. Balance at the end of this period | 350,014,975.00 | 584,852,283.21 | | 469,665,883.33 | | 404,267,596.17 | | 101,052,831.86 | 1,909,853,569.57 |

STATEMENT OF CHANGES IN OWNERS' EQUITY

Prepared by Dalian Refrigeration Company Limited

2013.01-06

Unit: RMB Yuan

| Items | 2013.01-06 | | | | | Total of owners' equity |
|---|----------------|-----------------|------------------------|-----------------|------------------|-------------------------|
| | share capital | Capital surplus | Lessen: treasury stock | Surplus reserve | Retained profits | |
| I. balance at the end of last year | 350,014,975.00 | 583,623,355.59 | | 469,665,883.33 | 315,632,029.27 | 1,718,936,243.19 |
| 1. Change of accounting policy | | | | | | |
| 2. Correction of errors in previous period | | | | | | |
| II. balance at the beginning of this year | 350,014,975.00 | 583,623,355.59 | | 469,665,883.33 | 315,632,029.27 | 1,718,936,243.19 |
| III. Increase/ decrease of amount in this year ("-" means decrease) | | 12,000.00 | | 21,334,339.53 | -10,547,943.83 | 10,798,395.70 |
| (I) Net profit | | | | | 63,288,641.95 | 63,288,641.95 |
| (II) Other comprehensive income | | 12,000.00 | | | | 12,000.00 |
| Subtotal of (I) and (II) | | 12,000.00 | | | 63,288,641.95 | 63,300,641.95 |
| (III) Input an reduced capital of owners | | | | | | |
| 1. Input capital of owners | | | | | | |
| 2. Amount of Shares included in the owners' equity | | | | | | |
| 3. Others | | | | | | |
| (IV) Profit distribution | | | | 21,334,339.53 | -73,836,585.78 | -52,502,246.25 |
| 1. Withdrawing surplus public reserve | | | | 21,334,339.53 | -21,334,339.53 | |
| 2. Withdrawing general risk reserve | | | | | | |
| 3. Distribution to all owners (shareholders) | | | | | -52,502,246.25 | -52,502,246.25 |
| 4. Others | | | | | | |
| (V) Internal carrying forward of owners' equity | | | | | | |
| 1. New increase of capital (share capital) from capital reserves | | | | | | |
| 2. Convert surplus reserves to capital (share capital) | | | | | | |
| 3. Surplus reserves make up losses | | | | | | |
| 4. Others | | | | | | |
| IV. Balance at the end of this period | 350,014,975.00 | 583,635,355.59 | | 491,000,222.86 | 305,084,085.44 | 1,729,734,638.89 |

| Items | 2012.01-12 | | | | | Total of owners' equity |
|---|----------------|-----------------|------------------------|-----------------|------------------|-------------------------|
| | share capital | Capital surplus | Lessen: treasury stock | Surplus reserve | Retained profits | |
| I. balance at the end of last year | 350,014,975.00 | 585,608,294.20 | | 445,492,052.28 | 285,636,408.93 | 1,666,751,730.41 |
| 1. Change of accounting policy | | | | | | |
| 2. Correction of errors in previous period | | | | | | |
| II. balance at the beginning of this year | 350,014,975.00 | 585,608,294.20 | | 445,492,052.28 | 285,636,408.93 | 1,666,751,730.41 |
| III. Increase/ decrease of amount in this year ("-" means decrease) | | -1,984,938.61 | | 24,173,831.05 | 29,995,620.34 | 52,184,512.78 |
| (I) Net profit | | | | | 106,671,697.64 | 106,671,697.64 |
| (II) Other comprehensive income | | -1,984,938.61 | | | | -1,984,938.61 |
| Subtotal of (I)and (II) | | -1,984,938.61 | | | 106,671,697.64 | 104,686,759.03 |
| (III) Input an reduced capital of owners | | | | | | |
| 1. Input capital of owners | | | | | | |
| 2.Amount of Shares included in the owners' equity | | | | | | |
| 3. Others | | | | | | |
| (IV) Profit distribution | | | | 24,173,831.05 | -76,676,077.30 | -52,502,246.25 |
| 1. Withdrawing surplus public reserve | | | | 24,173,831.05 | -24,173,831.05 | |
| 2. Withdrawing general risk reserve | | | | | | |
| 3. Distribution to all owners (shareholders) | | | | | -52,502,246.25 | -52,502,246.25 |
| 4. Others | | | | | | |
| (V)Internal carrying forward of owners' equity | | | | | | |
| 1. New increase of capital (share capital) from capital reserves | | | | | | |
| 2. Convert surplus reserves to capital(share capital) | | | | | | |
| 3. Surplus reserves make up losses | | | | | | |
| 4. Others | | | | | | |
| IV. Balance at the end of this period | 350,014,975.00 | 583,623,355.59 | | 469,665,883.33 | 315,632,029.27 | 1,718,936,243.19 |

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in RMB Yuan unless otherwise stated)

.General information

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 manufacture, sale and installation of refrigeration equipments. The Company together with its subsidiaries is hereinafter collectively referred to as the "Group". The address of the Company's registered office is No.888 Xinan Road, Shahekou District, Dalian.

The Company's domestically listed RMB denominated ordinary shares ("A shares") and domestically listed foreign investment ordinary shares ("B shares") were listed on the Shenzhen Stock Exchange in the PRC in December 1993 and March 1998 respectively.

As the China's Refrigeration & Air Conditioning Association published, the Company was put the first place for its sales income and economy utility general index in the line; and its products were also been the first level for variety, specification, market occupation rate and export sales in China's refrigeration industry.

. The main accounting policies, accounting estimates and corrections of accounting errors

1. Basic of preparation of financial statements

The financial statements have been prepared on the basic assumption of going concern and on the accrual basis of accounting. The effects of events and other transactions actually occurred and they have been recorded and measured in accordance with the Chinese Accounting Standards (2006): Framework and other accounting standards.

2. Declaration on following Accounting Standard for Business Enterprises

Declaration from the Company: The financial report made by the Company was in accordance with Accounting Standard for Business Enterprises, which reflected the financial position, financial performance and cash flow of the Company truly, objectively and completely.

3. Fiscal year

The Company adopts the calendar year as its fiscal year, i.e. from January 1 to December 31.

4. Functional currency

RMB was the functional currency of the Company.

5. Accounting measurement attribute

A. Accounting measurement attribute

The Company adopts the accrual basis for accounting treatments. All assets are stated at their historical costs on acquisition. The financial assets or financial liabilities which are measured at their fair value and the variation of which is recorded into the profits and losses are stated at their fair value. Stocks or fixed assets and other assets on acquisition, which its payment delayed longer than normal payment condition, should be measured at the present value of the payment. Other assets with impairment are measured at the recoverable amount. The amount of overage on assets is determined at replacement cost.

B. The reporting items which the accounting measurement attributes changed during the current period

No.

6. Accounting method of business combination under the same control and not under the same control

(1) The Company adopts equity method for business combination under same control. The assets and liabilities that the combining party obtained in a business combination shall be measured on their carrying amount in the combined party on the combining date. The difference between the carrying amount of net assets acquired by the combining party and the carrying amount of the consideration paid by it (or the total par value of the shares issued) shall be adjusted to capital surplus. If the capital surplus is not sufficient for adjustment, retained earning is adjusted respectively. The business combination costs that are directly attributable to the combination, such as audit fees, valuation fees, legal service fees and so on are recognized in profit or loss during the current period when they occurred. The bonds issued for a business combination or the handling fees, commissions and other expenses for bearing other liabilities shall be recorded in the amount of initial measurement of the bonds or other debts. The handling fees, commissions and other expenses for the issuance of equity securities for the business combination shall be credited against the surplus of equity securities; if the surplus is not sufficient, the retained earnings shall be offset. Where a relationship between a parent company and a subsidiary company is formed due to a business combination, the parent company shall, on the combining date, prepare consolidated financial statements according to the accounting policy of the Company.

(2) The Company adopts acquisition method for business combination not under same control. The acquirer shall recognize the initial cost of combination under the following principles: a) When business combination is achieved through a single exchange transaction, the cost of a business combination is the aggregate of the fair values, at the date of exchange, of assets given,

liabilities incurred or assumed, and equity securities issued by the acquirer, in exchange for control of the acquiree; b) For the business combination involved more than one exchange transaction, the cost of the combination is the aggregate cost of the individual transactions; c) The costs directly attributed to business combination are included in the cost of combination; d) Where a business combination contract or agreement provides for a future event which may adjust the cost of combination, the Company shall include the amount of the adjustment in the cost of the combination at the acquisition date if the future event leading to the adjustment is probable and the amount of the adjustment can be measured reliably.

The acquirer shall, on the acquisition date, measure the assets given and liabilities incurred or assumed by an enterprise for a business combination in light of their fair value, and shall record the balances between them and their carrying amounts into the profits and losses at the current period. The acquirer shall distribute the combination costs on the acquisition date, and shall recognize all identifiable assets, liabilities and contingent liabilities it obtains from the acquiree. (1) the acquirer shall recognize the difference that the combination costs are over the fair value of the identifiable net assets obtained from acquiree as goodwill; (2) if the combination costs are less than the fair value of the identifiable net assets obtained from acquiree, the acquirer shall reexamine the measurement of the fair values of the identifiable assets, liabilities and contingent liabilities obtained from the acquiree as well as the combination costs; and then after the reexamination, the result is still the same, the difference shall be recorded in the profit and loss of the current period.

Where a relationship between a parent company and a subsidiary company is formed due to a business combination, the parent company shall prepare accounting books for future reference, which shall record the fair value of the identifiable assets, liabilities and contingent liabilities obtained from the subsidiary company on the acquisition date. When preparing consolidated financial statements, it shall adjust the financial statements of the subsidiary company on the basis of the fair values of the identifiable assets, liabilities and contingent liabilities determined on the acquisition date according to the Company's accounting policy of "Consolidated financial statement".

7. Basis of consolidation

(1) Scope of consolidation

Consolidated financial statements are included all subsidiaries of the parent.

(2) Increase or decrease of the subsidiaries

For any subsidiary acquired by the Company through business combination under the same control, when the consolidated balance sheet for the current period is being prepared, the beginning balances in the consolidated balance sheet are made corresponding modification. For addition business combination not under same control during the reporting period, the Company makes no adjustment for the beginning balances in the consolidated balance sheet. When disposing subsidiary during the reporting period, the Company makes no adjustment for the beginning balances in the consolidated balance sheet. For any subsidiary acquired by the Company through business combination under the same control, when the consolidated income statement for the current period is being prepared, sales, expense and profit for the period from the beginning of the consolidated period to the year end of the reporting period are included in the consolidated income statement. For addition business combination not under same control during the reporting period, revenue, expense and profit for the period from acquisition date to the year end of the reporting period is included in the consolidated income statement. When disposing subsidiary during the reporting period, sales, expense and profit for the period from the beginning to the disposal date are included in the consolidated income statement.

For any subsidiary acquired by the Company through business combination under the same control, when the consolidated cash flow statement for the current period is being prepared, cashflow for the period from the beginning of the consolidated period to the year end of the reporting period is included in the consolidated cash flow statement. For addition business combination not under same control during the reporting period, cashflow for the period from acquisition date to the year end of the reporting period is included in the consolidated cash flow statement. When disposing subsidiary during the reporting period, cashflow for the period from the beginning to the disposal date is included in the consolidated cash flow statement.

(3) Principle of consolidation

The consolidated financial statements are based on the financial statements of individual subsidiaries which are included in the consolidation scope and prepared after adjustment of long-term equity investment under equity method and elimination effect of intragroup transaction.

(4) Minority interests

The portion of the equity of the subsidiaries that are not owned by the parent is presented as minority interest in the consolidated balance sheet. The portion of the profit or loss of the subsidiaries that are not owned by the parent is presented as minority interest in the consolidated income statement.

(5) Excess losses

The amount which losses of subsidiaries during the period exceeds the proportion of minority's obligation is offset minority interest as agreed in the subsidiaries' association or agreement and minorities have ability to bear the excess losses. Otherwise, the excess losses are offset equity of the parent company. Profits made afterward by subsidiaries are attributable to equity of the parent company before recovery of excess losses.

8. The standard for recognizing cash equivalent when making cash flow statement

Cash equivalent means the highly liquid, very safe investment which can be easily converted into cash, and the company can hold it for a very short time (3 months from the date of purchase).

9. Method of foreign currency translation

When foreign currency translation occurs, the spot exchange rate on the date of translation (i.e., the middle price of the intraday foreign exchange rate of RMB published by People's Bank of China) shall be converted into RMB for keeping accounts while the occurred foreign currency exchange or the foreign exchange transactions shall be translated according to exchange rate adopted in actual transactions. On the balance sheet date, the foreign currency monetary items and foreign currency non-monetary items shall be treated in accordance with the following provisions:

The foreign currency monetary items shall be translated at the spot exchange rate on balance sheet date, of which happen during the normal business period shall be recorded into gains and losses at the current period; of which happen during organization period shall be recorded into long-term deferred expense. The exchange gains or losses caused by the borrowing belonging to acquiring fixed assets shall be treated by the capitalization of borrowing costs.

Foreign currency non-monetary items shall be translated at spot rate on the date of transaction, not changing the amount of functional currency.

The Company translates the financial statements of its foreign operation in accordance with the following provisions: a) the asset and liability items in the balance sheets shall be translated at a spot exchange rate ruling at the balance sheet date. Among the owner's equity items, except the ones as "retained earnings", others shall be translated at the spot exchange rate ruling at the time when they occurred; b) The income and expense items in the income statements shall be translated with approximate exchange rate of the sight rate on the transaction occurring date. The foreign exchange difference arisen from the translation of foreign currency financial statements shall be presented separately under the owner's equity in the balance sheet.

10. The recognition and measurement of financial instruments and the transfer of the financial instruments

(1) Recognition of the financial assets

When an enterprise becomes a party to a financial instrument, it shall recognize a financial asset or financial liability. Where a financial asset satisfies any of the following requirements, the recognition of it shall be terminated:

Where the contractual rights for collecting the cash flow of the said financial assets are terminated;

Where the said financial asset has been transferred and meets the conditions for recognizing the termination of financial assets as provided for in Accounting Standard for Business Enterprises No. 23 – Transfer of Financial Assets. Only when the prevailing obligations of a financial liability are relieved in all or in part may the recognition of the financial liability be terminated in all or partly.

(2) The classification, recognition and measurement of financial assets and financial liabilities

The financial assets or financial liabilities got or born by the Company are measured according to the following classifications:

The financial assets or financial liabilities which are measured at their fair value and the variation of which is recorded into the profits and losses of the current period

The interest rate or cash dividend which was gained in the period when the financial assets held by the Company are measured at its fair value and of which the variation is recorded into the profits and losses in the current period shall be recognized as investment income. On balance sheet date, the in change in the fair value of the financial asset or financial liability which is measured at its fair value and of which the variation is recorded into the profits and losses of the current period, shall be recorded into the profits and losses of the current period; When the said financial assets of financial liabilities are on disposal, the difference between the fair value and the amount in initial account shall be recognized as investment income, meanwhile, the profits and losses arising from the change in fair value shall be adjusted.

The investments which will be held to their maturity

The investments which will be held to their maturity will regard the sum between the gained fair value and the transaction expense thereof as the initially recognized amount. The interest on bonds in payment, of which the mature interest is not drawn, shall be solely recognized as the receivables. The interest revenue which is measured and recognized by the amortized cost and actual interest rate during the period of the investments which will be held to their maturity shall be recorded into investment income. The actual interest rate which is recognized in the period of gaining the investments which will be held to their maturity, shall maintain unchanged within the predicted term of existence or within a shorter applicable term of the said investment which will be held to their maturity. The little difference between actual interest rate and coupon rate of which interest revenue can be measured at the coupon rate shall be recorded into the profits of losses in the current period. When the investments which will be held to their maturity are on disposal, the difference between the obtained price and investment book value shall be recorded into the profits and losses in the current period.

The accounts receivables

The creditor's right receivable formed during the Company selling commodity outside or offering labor shall be regarded as the initially recognize amount in according with the receivable price stipulated in the contract or agreement signed between the Company and the buyers. When the Company recovers or disposes the accounts receivable, the difference between the obtained price and the book value of the accounts receivable shall be recorded into the profits and losses in the current period.

Financial assets available for sale

The financial assets available for sale will be regarded as the initial recognized amount in according with the sum between the fair value obtained from the said financial assets and the transaction expense thereof. The interest on bonds of which the mature interest rate is not drawn in the payment or the cash dividend which is declared but not extended in the payment shall be solely recognized as the receivables.

The interest rate or cash dividend gained during the period of holding the financial assets available for sale shall be recorded into investment income. On balance sheet date, the financial assets shall be measured through fair value, while the change in fair value is recorded into capital reserves (other capital reserves).

When the financial assets are on disposal, the difference between the obtained price and the book value of the financial assets shall be recorded into investment income, meanwhile, the amount on proposal transferring out from the accumulated amount which is directly recorded into shareholders' equity and arises from the variation of the fair value, shall be recorded into investment income.

Other financial liabilities

Other financial liabilities are regarded as the initial recognized amount in accordance with the sum between the fair value and the transaction expense thereof. The Company shall make subsequent measurement on other financial liabilities on the basis of the post-amortization costs.

(3) Main recognition method for the fair value of the financial assets or financial liabilities

The quotation in the active market shall be used to recognize the fair value of the financial assets or financial liabilities existing in active market.

If the financial instruments do not exist in the active market, the fair value shall be recognized by value appraisal techniques.

As for the financial assets initially obtained or produced at source and the financial liabilities assumed, the fair value thereof shall be determined on the basis of the transaction price of the market.

(4) Main impairment test method of the financial assets and impairment provision method

The recognition standard for impairment provision of the financial assets: the Company shall carry out an inspection, on the balance sheet day, on the carrying amount of the financial assets other than those measured at their fair values and of which the variation is recorded into the profits and losses of the current period. Where there is any objective evidence proving that such financial asset has been impaired, an impairment provision shall be made.

The withdrawal method for impairment provision of the financial assets: as for the impairment provision of the financial assets is measured on the basis of post-amortization costs, if the current value of the predicted future cash flow of the financial assets is below the difference in the carrying amount of the said financial asset, the impairment provision of the financial assets shall be made; as for the impairment provision of the financial assets available for sale, if the recoverable amount is below the difference in the carrying amount, the impairment provision shall be made. Where a sellable financial asset is impaired, even if the recognition of the financial asset has not been terminated, the accumulative losses arising from the decrease of the fair value of the owners' equity which was directly included shall be transferred out and recorded into the profits and losses of the current period.

11. The recognition standard and the withdrawal method for the bad debt provision of the accounts receivable

(1) Accounting method of bad debt provision for the individually significant receivables, the impairment test is carried on individually. Standards of provision for bad debts of the individually significant receivables: top 5 of account receivables at year end. Method of provision for bad debts of the individually significant receivables: aging analysis with individual recognition method.

(2) For the receivables which are not individually significant, but which are assessed at high risk level through credit risk combination. In accordance with credit risk characteristics, the method of provision for bad debts is aging analysis with individual recognition method

The bad debt losses are accounted by the allowance method. The Company recognized the bad debt provision on the basis of the accounts age analysis method based on the actual financial status and the cash flow of the debt units, which shall be recorded into the profits and losses of the current period. As for the accounts receivable of the related party of the Company with continuous operation ability, the withdrawal of bad debt reserves should not reach 100% at most. The proportion taking up the withdrawal of the bad debt provision for the accounts receivable in every account age phase is described as follows:

| Account age | Proportion taking up the bad debt provision for the accounts receivable and other accounts receivable (%) |
|---------------------|---|
| Within one year | 5 |
| One to two years | 10 |
| Two to three years | 30 |
| Three to four years | 50 |
| Four to five years | 80 |
| Over five years | 100 |

12. The classification, pricing and accounting methods for inventories; the recognition standard and withdrawal method of the inventories falling price reserves

(1) Classification of the inventories: purchased materials, stocking materials, material cost difference, entrusted processing materials, unfinished products, finished products, working on project and etc.

(2) The inventory system is on the basis of perpetual inventory method.

(3) The inventories are priced by the historical cost method, so are the raw material and auxiliary material, the sold material cost is carried over on the basis of first-in first-out method; the product cost is accounted through standard cost method, the difference between the standard cost and historical cost is undertaken by the cost of the finished goods in process, while the cost of sales is carried over on the basis of weighted average method; low-value consumption goods will be amortized once when drawn.

(4) As for the inventory write-down provided: each kind of inventories at the end of the report period will be measured at the lower of cost or net realizable value, and a provision for inventory write-down will be established for any difference between the cost and the lower net realizable value. The net realizable value refers to the value minus the predicted expense needed in the process of completing the production and sales from the predicted price for sale and the taxes.

13. The method for measuring long-term equity investment

(1) Confirmation of initial investment cost of long-term equity investment

For the consolidation of enterprises that under the same control, take the book value proportion of the owner's equity of consolidated party on consolidation date as initial investment cost of long-term equity investment. The balance of initial investment cost of long-term equity investment and paid cash, transferred non-cash asset, and book value of debt taken, should adjust capital public reserve; and adjust retained earning while the capital public reserve isn't enough to offset. For the consolidation of enterprises that under different control, take assets paid out in order to acquire the control right of purchased party on purchase date, occurred or undertaken debt and fair value of issued equity securities as initial investment cost of long-term equity investment. The long-term equity investment acquired in other manners except from the enterprise consolidation, should confirm its initial investment cost according to following regulations:

. The long-term equity investment acquired by paying cash, should take purchasing price that actually paid as initial investment cost. Initial investment cost including expense, tax and other necessary payout that directly related with acquiring the long-term equity investment.

. The long-term equity investment acquired by issuing equity securities, should take fair value of the issued equity securities as initial investment cost.

. The long-term equity investment invested by investors, should take the promised value in investment contract or agreement as initial investment cost, excluding those promised in the contract or agreement that the value is not fair.

. The long-term equity investment acquired by non-monetary asset exchange, its initial investment cost should be confirmed according to Accounting Standards of Business Enterprise No.7—Non-monetary Asset Exchange.

. The long-term equity investment acquired by debt reorganization, its initial investment cost should be confirmed according to Accounting Standards No.12—Debt Restructuring.

(2). Subsequent measurement of long-term equity investment

. The following long-term equity investments adopt cost calculation method:

i. The long-term equity investment on the invested units controlled by the Company.

The investment of the Company on the subsidiaries and calculated on cost method and adjusted according to equity method while compiling the consolidated financial statements.

. The long-term investment that the Company hasn't together control or material influence on invested party, and hasn't quoted price on active market so its fair value can't be dependably measured.

. The long-term equity investment that the Company has together control or material influence on the invested party, adopt equity method to calculated.

14. The fixed assets pricing and depreciation method

(1) Definition of fixed assets

The fixed assets refer to the assets related to production and operation that has over 1 year lifetime.

(2). Classification

The fixed assets include property and plant, machinery and equipment, motor vehicles, electric equipments and other equipments etc.

(3). Pricing of fixed assets

The initial measurement of a fixed asset shall be made at its cost. The cost of a purchased fixed asset is based on the actual expense; the cost invested to a fixed asset by the investor shall be ascertained in accordance with the value as stipulated in the investment contract or agreement; the cost of a self-constructed fixed asset shall be formed by the necessary expenses incurred for bringing the asset to the expected condition for use; the costs of fixed assets acquired through the exchange of non-monetary assets, recombination of liabilities, merger of enterprises, and financial leasing shall be respectively ascertained in accordance with the Accounting Standard for Business Enterprises No. 7 - Exchange of Non-monetary Assets, the Accounting Standard for Business Enterprises No. 12 - Debt Restructuring, the Accounting Standard for Business Enterprises No. 21 - Leases.

(4). Depreciation method of fixed assets

Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

| <u>Fixed assets</u> | <u>Estimated lifetime</u> | <u>Annual depreciation rates</u> | <u>Expected residual value rates</u> |
|-------------------------|---------------------------|----------------------------------|--------------------------------------|
| Buildings | 20-40 years | 2.25-4.85% | 3%、 5%、 10% |
| Machinery and equipment | 10-22 years | 4.09-9.7% | 3%、 5%、 10% |
| Motor vehicles | 4-15 years | 6-24.25% | 3%、 5%、 10% |
| Electric equipments | 5 years | 18-19.4% | 3%、 5%、 10% |
| Other equipments | 10-15 years | 6-9.7% | 3%、 5%、 10% |

The asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

15. Construction-in-progress

(1). Construction-in-progress represents buildings and plant under construction and machinery and equipment under installation and testing, and is stated at cost.

(2). This includes cost of construction, plant and equipment and other direct costs plus borrowing costs which include interest charges and exchange differences arising from foreign currency borrowings used to finance these projects during the construction period, to the extent these are regarded as an adjustment to interest costs.

(3). When construction engineering in process has reached the scheduled state in commission, and has proceeded the final accounts of completing, validate all the actual expenses as the fixed asset; if the fixed asset has reached the scheduled state in commission without proceeding the final accounts of completing, validate the cost and adjust the original provisional estimated value according to the actual costs after finishing the final accounts of completing.

16. The pricing and amortizing method of intangible assets

(1) Pricing of the intangible assets

The intangible assets shall be initially measured according to its cost.

The cost of outsourcing intangible assets shall include the purchase price, relevant taxes and other necessary expenditure directly attributable to intangible assets for the expected purpose.

The cost of self-developed intangible assets shall include the total expenditures incurred during the period from the time when it meets the following conditions to the time when the expected purposes of use are realized, except that the expenditures

which have already been treated prior to the said period shall not be adjusted.

. It is feasible technically to finish intangible assets for use or sale;

. It is intended to finish and use or sell the intangible assets;

. The usefulness of methods for intangible assets to generate economic benefits shall be proved, including being able to prove that there is a potential market for the products manufacturing by applying the intangible assets or there is a potential market for the intangible assets itself or the intangible assets will be used internally.

. It is able to finish the development of the intangible assets, and able to use or sell the intangible assets, with the support of sufficient technologies, financial resources and other resources;

. The development expenditures of the intangible assets can be reliably measured.

The cost invested into intangible assets by investors shall be determined according to the conventional value in the investment contract or agreement.

The costs of intangible assets acquired from non-monetary assets transaction, debt recombination, government subsidies, and merger of enterprises shall be determined respectively according to the Accounting Standard for Business Enterprises No. 7 - Non-monetary Assets, Accounting Standard for Business Enterprises No. 12 - Debt Restructurings, Accounting Standard for Business Enterprises No. 16 - Government Grants and Accounting Standard for Business Enterprises No. 20 - Business Combinations.

(2) Amortization of the intangible assets

As for the intangible assets with limited service life, which are amortized by straight-line method when it is available for use within the service period, shall be recorded into the current profits and losses. The Company shall, at least at the end of each year, check the service life and the amortization method of intangible assets with limited service life. When the service life and the amortization method of intangible assets are different from those before, the years and method of the amortization shall be changed.

Intangible assets with uncertain service life may not be amortized. However, the Company shall check the service life of intangible assets with uncertain service life during each accounting period. Where there are evidences to prove the intangible assets have limited service life, it shall be estimated of its service life, and be amortized according to the above method mentioned in (1).

17. Impairment of long-term assets

(1) At the end of accounting period, the Company shall check the long-term assets. There may be an impairment of assets when the following signs occur. The recoverable amount shall be estimated and the asset impairment loss shall be made in light of the difference that the recoverable amount of assets is less than the book value when the impairment happens. The signs are stated as follows:

The current market price of assets falls, and its decrease is obviously higher than the expected drop over time or due to the normal use;

The economic, technological or legal environment in which the enterprise operates, or the market where the assets is situated will have any significant change in the current period or in the near future, which will cause adverse impact on the enterprise;

The market interest rate or any other market investment return rate has risen in the current period, and thus the discount rate of the enterprise for calculating the expected future cash flow of the assets will be affected, which will result in great decline of the recoverable amount of the assets;

Any evidence shows that the assets have become obsolete or have been damaged substantially;

The assets have been or will be left unused, or terminated for use, or disposed ahead of schedule;

Any evidence in the internal report of the enterprise shows that the economic performance of the assets has been or will be lower than the expected performance, for example, the net cash flow created by assets or the operating profit (or loss) realized is lower (higher) than the expected amount;

Other evidence indicates that the impairment of assets has probably occurred.

(2) The evidences to withdraw the impairment provision of long-term investment, fixed assets, construction in process and intangible asset: at the end of the report period, the Company will withdraw the asset impairment provision according to the difference that the recoverable amount of single asset is less than the book value. The recoverable value shall be recognized according to the high one between the net amount of fair value deducting disposal charge and the current value of the expected future cash flow of assets. If the recoverable amount of the single asset cannot be obtained, the recoverable amount shall be recognized on the basis of the asset group to which the asset belongs.

(3) The business reputation formed by merger of enterprises shall be distributed into the related asset group at the end of every year, then the asset group shall have the impairment test to measure the recoverable amount, comparing to the book value, if the recoverable amount of the asset group is less than the book amount, the difference shall first charge against the book value of the business reputation which is apportioned to the asset group; if the book value of the business reputation is not enough to charge against the difference, the uncharged balance shall be distributed by the other assets of the asset group in accordance with the book value.

(4) The recognition of the asset group under impairment test: the related minimum of asset groups that can share the synergetic benefit brought from merger through the prediction of the Company.

(5) The above impairment losses of assets cannot be reversed as soon as they are recognized.

18. Calculation method of loan expenses

(1) The loan expenses occurred to the Company includes loan interest, amortization of reduction price and premium price, assistant expenses and the exchange balance from foreign currency loan. The amortization of the interest, discount or premium and exchange difference from, the specific loan for purchasing fixed assets, if meeting the following three conditions, loan expenses should be capitalized.

Asset disburses have been occurred.

The borrowing costs has already incurred.

Purchase construction activity for achieving the asset utility condition has started. Other loan interest, amortization of reduction price and premium price and the exchange balance from foreign currency loan should be deemed as expenses of the period while they occur.

(2) Where a general borrowing is used for the acquisition and construction or production of assets eligible for capitalization, the enterprise shall calculate and determine the to-be-capitalized amount of interests on the general borrowing by multiplying the weighted average asset disbursement of the part of the accumulative asset disbursements minus the general borrowing by the capitalization rate of the general borrowing used. Auxiliary expense of general loan should be counted into current loss and interest.

(3) To determine capitalized amount : Capitalized interest for purchasing fixed asset at the end of the current period is the accumulated expense and weight average asset multiplied capitalization rate. And the capitalization rate is determined by following principles :

Interest of the specialized loan for purchasing fixed assets is the capitalization rate ;

Above single specialized loan for purchasing fixed assets, the capitalization rate is the weighted average interest rate of these general borrowings.

(4) Temporary stop of capitalization: If the purchase and building activities for fixed assets stop abnormally and the interruption interval exceeds three months, the capitalization of borrowing cost should be stopped temporarily and deemed as the expenses of current period until the re-start of purchasing and building activities for assets.

(5) Stop of capitalization: When the purchased fixed assets have reached the expected serviceable condition, stop the capitalization of borrowing cost.

19. Calculating method on salary payable to staff

The staff salary means that the enterprise gives various remunerations for obtaining services providing by the employees or other relevant expenses. It includes:

- i. Staff's salary, bonus, allowance and subsidy;
- ii. Staff's welfare;
- iii. Hospitalization insurance, endowment insurance, unemployment insurance, occupational injury insurance and childbirth insurance, etc. social insurances;
- iv. Housing public reserve;
- v. Labor union expenditure and personnel education expense;
- vi. Non-monetary welfare;
- vii. Compensation for rescinding the labor relationship with employee;
- viii. Other expenses related with the services the employee supply.

During the accounting period of an employee' providing services to an enterprise, the Company shall recognize the compensation payable as liabilities. Except for the compensations for the cancellation of the labor relationship with the employee, the enterprise shall, in accordance with beneficiaries of the services offered by the employee, treat the following circumstances respectively:

- (1) The compensation for the employee for producing products or providing services shall be recorded as the product costs and service costs;
- (2) The compensation for the employee for any on-going construction project or for any intangible asset shall be recorded as the costs of fixed asset or intangible assets;
- (3) The compensation for the employee other than those as mentioned in Items (1) and (2) shall be recorded as profit or loss for the current period.

The social insurance such as hospitalization insurance, endowment insurance, unemployment insurance, occupational injury insurance and childbirth insurance; and housing public reserve handed by the company for the staff should be calculated in proportion of total salary according to the relevant regulations of local government during the accounting period of the services the employee supply to the company. Before the expiration of the contract, the company rescinds the labor relationship between the company and the staff or encourage staff accept the suggestion on compensation for accepting reduction at will, at the same time satisfy the following conditions, projected liabilities occurs for confirming rescinding the labor relationship with employee and giving compensation and is reckoned into current gains and losses:

- i. The company officially established the plan on rescinding the labor relationship or brings forward the suggestions on reduction at will, and will be implemented;
- ii. The company could not singly withdraw rescinding the labor relationship or suggestions of reduction.

20. Measurement method of estimated debts

The obligation pertinent to Contingencies shall be recognized as estimated debts when the following conditions are satisfied simultaneously:

- (1) That obligation is a current obligation of the enterprise;
- (2) It is likely to cause any economic benefit to flow out of the enterprise as a result of performance of the obligation;
- (3) The amount of the obligation can be measured in a reliable way.

The Company shall check the book value of the estimated debts on the balance sheet date. If there is any exact evidence indicating that the book value cannot really reflect the current best estimate, the Company will adjust the book value in accordance with the current best estimate.

21. Revenue recognition

(1) The recognition of the revenue from selling goods: the revenue from selling shall be recognized by the following conditions: The significant risks and rewards of ownership of the goods have been transferred to the buyer by the Company; the Company retains neither continuous management right that usually keeps relation with the ownership nor effective control over the sold

goods; the relevant amount of revenue can be measured in a reliable way; the relevant revenue and costs of selling goods can be measured in a reliable way.

(2) The recognition of the revenue from providing labor services: When the total revenue and costs from providing labor can be measured in a reliable way; the relevant economic benefits are likely to flow into the enterprise; the schedule of completion under the transaction can be measured in a reliable way, the revenue from providing labor shall be recognized. When the outcome of a contract cannot be estimated reliably, contract revenue is recognized to the extent of contract costs incurred where it is probable those costs will be recoverable. Contract costs are recognized when incurred.

22. Calculation method of government grants

The government grants related to the proceeds, if those used for compensating the relevant future expenses or losses of the enterprise shall be recognized as deferred income and shall, during the period when the relevant expenses are recognized, recorded in the current profits and losses; or if those used for compensating the relevant expenses or losses that have been incurred to the enterprise shall be directly recorded in the current profits and losses.

The government grants related to the assets shall be recognized as deferred income and shall be distributed averagely in the related asset using period, then counted into current loss and interest. However, government subsidiary according to nominated amount shall be counted into current loss and interest directly.

23. Income tax

Where there is difference (temporary difference) between the carrying amounts of the assets or liabilities and its tax base, the deferred income tax assets or the deferred income tax liabilities shall be determined. According to tax law, the deductible loss and tax deduction which can deduct the taxable amount in the subsequent years, regarding as temporary difference, shall be recognized as the corresponding deferred income tax assets. As for the temporary difference arising from the initial recognition of the goodwill, the corresponding deferred income tax liabilities. When the temporary difference is arisen from the initial recognition of the assets or liabilities incurring in the transaction which is not business combination and does not affect the accounting profits or the taxable amount (or the deductible loss), the corresponding deferred income tax assets and deferred income tax liabilities shall not be recognized. On the balance sheet date, the deferred income tax assets and deferred income tax liabilities shall be measured at the tax rate applicable to the period during which the assets are expected to be recovered or the liabilities are expected to be settled. The Company shall recognize the deferred income tax assets to the extent of the amount of the taxable income which it is likely to obtain and which can be deducted from the deductible temporary difference, deductible loss and tax deduction.

The deferred income tax liabilities arising from the temporary differences related to the investments of subsidiary companies, associated enterprises and joint enterprises shall be recognized. However, the deferred tax income assets and deferred income tax liabilities shall not be recognized which meet the conditions that the Company can control the time of the reverse of temporary differences which are likely to be reversed in the expected future.

24. Earnings per share

(1) Basic earnings per share = net profit attributable to common shareholders or net profit attributable to common shareholders after deducting extraordinary items ÷ outstanding weighted average of ordinary shares

(2) Diluted earnings per share = net profit attributable to common shareholders or net profit attributable to common shareholders after deducting extraordinary items ÷ outstanding weighted average of ordinary shares after adjusted

(3) If the outstanding or potential common shareholders change during the report period but do not affect the total amount of shareholders equity, the earnings per share should be recalculated.

If the above changes happened during the date of balance sheet and the date of financial statements approval, the earnings per share of the report period should be recalculated.

25. Changes in accounting policies and estimates

(1) There is no change in accounting policies during the financial year.

(2) There is no change in accounting estimate during the financial year.

26. Correction of the accounting errors from previous term

There is no correction of the accounting error from previous term in this report period.

Taxation

1. 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% or 13% or 6% depending on different kinds of products. An input credit is available whereby VAT previously paid on purchases of raw materials and semi-finished products can be used to offset the VAT on sales to determine the net VAT payable.

2. The business tax rate is 5% or 3% of revenue.

3. Urban maintenance and construction tax is 7% of turnover tax payable.

4. Education surtax is 3% of turnover tax payable.

5. Income tax

(1) Income tax shall be measured at 25% in total.

(2) Income tax of subsidiaries and associates

Taxation on profit of subsidiaries and associates is calculated at the applicable rates in accordance with the relevant tax regulations. Certain subsidiaries and associates enjoy preferential income tax policies with approvals from tax authorities. The applicable income tax rates of major subsidiaries and associates for the report period are as follows:

| Name of the entity | Relationship with the Company | Applicable income tax rate |
|--|-------------------------------|----------------------------|
| Dalian Bingshan Group Refrigeration Installation Co., Ltd. | Subsidiary | 25% |
| Dalian Bingshan Air-Conditioning Equipment Co. Ltd. | Subsidiary | 25% |
| Dalian Bingshan Ryosetsu Quick Freezing Equipment Co., Ltd. | Subsidiary | 25% |
| Dalian Bingshan Group Sales Co., Ltd. | Subsidiary | 25% |
| Dalian Bingshan Metal Processing Co. Ltd. | Subsidiary | 25% |
| Dalian Bingshan Guardian Automation Co., Ltd. | Subsidiary | 15% |
| Shanghai Bingshan Serial Refrigeration Equipment Sales Co., Ltd. | Subsidiary | 25% |
| Wuhan New World Refrigeration Industrial Co., Ltd. (“WNWRI”) | Subsidiary | 15% |
| Wuhan New World Refrigeration Air Conditioner Engineering Co. Ltd. | Subsidiary | 25% |

. Business combination and consolidated financial statements

1. The principal activities of its subsidiaries are shown as below.

As of 30 June 2013 the Company had direct equity interests in the following subsidiaries, all of which were incorporated in the PRC.

In the table below column ‘A’ represents ‘Other essential investment’, column ‘B’ represents ‘Amount of minority interest in income statement deducted from minority interest’, and column ‘C’ represents ‘Balance after deduction of losses of subsidiaries during the period exceeding the proportion of minority shareholders from equity of parent company’.

All of the subsidiaries shown below are included in the consolidated scope.

| No. | Name | Categor-ies | Registered address | Business nature | Registered capital | Business scope | Investment | A | Shareholding (%) | Voting right (%) | Consolidated | Minority interest | B | C |
|-----|--|-------------|--------------------|-----------------|--------------------|---|----------------|---|------------------|------------------|--------------|-------------------|--------------|---|
| 1 | Dalian Bingshan Group Refrigeration Installation Co. Ltd. | Ltd. | Dalian | Installation | RMB20,040,000 | Installation and testing of refrigeration equipment | RMB20,040,000 | | 100 | 100 | Yes | | | |
| 2 | Dalian Bingshan Group Sales Co. Ltd. | Ltd. | Dalian | Trading | RMB18,000,000 | Sale of refrigeration equipment | RMB16,200,000 | | 90 | 90 | Yes | 4,199,339.00 | | |
| 3 | Dalian Bingshan Air-Conditioning Equipment Co. Ltd. | Ltd. | Dalian | Manufacturing | JPY700,000,000 | Manufacture and sale of accessories of refrigeration equipment | JPY490,000,000 | | 70 | 70 | Yes | 21,622,825.05 | | |
| 4 | Dalian Bingshan Metal Processing Co. Ltd. | Ltd. | Dalian | Manufacturing | USD2,350,000 | Process and sale of metal punching parts | USD1,509,875 | | 64.25 | 64.25 | Yes | 8,781,630.70 | | |
| 5 | Dalian Bingshan Guardian Automation Co., Ltd. | Ltd. | Dalian | Manufacturing | GBP210,000 | Research, design and develop refrigerator automation parts | GBP126,000 | | 60 | 60 | Yes | 3,663,938.35 | 58,335.03 | |
| 6 | Dalian Bingshan Ryosetsu Quick Freezing Equipment Co., Ltd. | Ltd. | Dalian | Manufacturing | USD1,000,000 | Manufacture and sale of deep-freezing equipment | USD700,000 | | 70 | 70 | Yes | 2,594,869.82 | 373,291.18 | |
| 7 | Wuhan New World Refrigeration Industrial Co. Ltd. | Ltd. | Wuhan | Manufacturing | RMB30,000,000 | Design, manufacture, sale, installation and test of screw type refrigeration compressor and refrigeration equipment | RMB17,980,400 | | 51 | 51 | Yes | 58,194,009.95 | 3,064,355.00 | |
| 8 | Wuhan New World Refrigeration Air Conditioner Engineering Co. Ltd. | Ltd. | Wuhan | Installation | RMB8,000,000 | Design, installation, test and repair of refrigeration equipment | RMB400,000 | | 5 | 100 | Yes | | | |
| 9 | Ningbo Bingshan Refrigeration Air Conditioner Engineering Co. Ltd. | Ltd. | Ningbo | Installation | RMB3,000,000 | Design, installation, test and repair of refrigeration equipment | RMB1,530,000 | | | 51 | Yes | 1,944,300.32 | | |

2. The changes of consolidated scope

No changes of consolidated scope happened during the current period.

. Notes to the consolidated financial statements

1 Monetary fund

| Item | 30-06-2013 | 31-12-2012 |
|--------------|----------------|----------------|
| Cash on hand | 305,344.67 | 195,378.55 |
| Cash in bank | 480,913,342.23 | 523,052,983.91 |
| Others | | 8,648,292.62 |
| Total | 481,218,686.90 | 531,896,655.08 |

Particular about foreign monetary funds included in the cash in bank:

| Foreign currency | 30-06-2013 | | | 31-12-2012 | | |
|------------------|-------------------|---------------|----------------|-------------------|---------------|----------------|
| | Original currency | Exchange rate | RMB equivalent | Original currency | Exchange rate | RMB equivalent |
| USD | 37,199.00 | 6.1787 | 229,841.46 | 4,064.02 | 6.2855 | 25,544.40 |
| JPY | 286,387.00 | 0.062607 | 17,929.84 | 368,460.00 | 0.073049 | 26,915.63 |
| EUR | 5.60 | 8.0536 | 45.10 | 5.60 | 8.3176 | 46.58 |
| GP | 1,234.63 | 9.4213 | 11,631.82 | 71,217.64 | 10.1611 | 723,649.57 |
| Total | | | 259,448.22 | | | 776,156.18 |

2 Notes receivable

| Item | 30-06-2013 | 31-12-2012 |
|------------------|---------------|---------------|
| Bank acceptance | 63,879,810.19 | 30,613,298.36 |
| Trade acceptance | 4,944,621.60 | 11,353,246.61 |
| Total | 68,824,431.79 | 41,966,544.97 |

(1) There is no pledged notes receivable at the end of report period.

(2) The top five notes receivable endorsed but not matured:

| No. | Company | Issued date | Expiration date | Amount | Notes |
|-----|--|-------------|-----------------|--------------|-----------------|
| 1 | Shanxi BDO Chemical Co., Ltd. | 2013.02.01 | 2013.08.01 | 2,300,000.00 | Bank acceptance |
| 2 | Suzhou Hongxing Chemical Co., Ltd. | 2013.01.28 | 2013.07.24 | 1,522,218.00 | Bank acceptance |
| 3 | Tonghua Iron & Steel Co., Ltd. | 2013.03.05 | 2013.09.05 | 1,400,000.00 | Bank acceptance |
| 4 | Sichuan Chengyue Food Co., Ltd. | 2013.03.27 | 2013.09.27 | 1,200,000.00 | Bank acceptance |
| 5 | Guangzhou Chengxi Economic Development Co., Ltd. | 2013.03.13 | 2013.09.13 | 1,200,000.00 | Bank acceptance |

(3) The amount of notes receivable due from related companies are RMB 944,118.60, 1.37% of total notes receivable. Please refer to the 6 of the notes.

3 Accounts receivable

(1) Classified by account nature

| Category | 30-06-2013 | | | | 31-12-2012 | | | |
|---|----------------|----------------|-----------------------------|----------------|----------------|----------------|-----------------------------|----------------|
| | Balance | | Provision for doubtful debt | | Balance | | Provision for doubtful debt | |
| | Amount | Proportion (%) | Amount | Proportion (%) | Amount | Proportion (%) | Amount | Proportion (%) |
| Receivables that are individually significant | | | | | | | | |
| Receivables not individually significant but with high risk in groups | 468,391,336.40 | 100 | 100,463,623.38 | 21.39 | 446,228,134.01 | 100 | 93,966,407.27 | 21.06 |
| Other insignificant items | | | | | | | | |
| Total | 468,391,336.40 | 100 | 100,463,623.38 | 21.39 | 446,228,134.01 | 100 | 93,966,407.27 | 21.06 |

The aging of accounts receivable and related provisions for bad debts

| Account ages | 30-06-2013 | | | 31-12-2012 | | |
|---------------|----------------|----------------|-------------------------|----------------|----------------|-------------------------|
| | Amount | Proportion (%) | Provision for bad debts | Amount | Proportion (%) | Provision for bad debts |
| Within 1 year | 230,260,972.12 | 49.16 | 11,513,048.61 | 223,325,287.48 | 50.04 | 11,166,264.37 |
| 1 to 2 years | 108,348,412.49 | 23.13 | 10,834,841.25 | 100,612,947.55 | 22.55 | 10,061,294.76 |
| 2 to 3 years | 52,507,611.30 | 11.21 | 15,752,283.39 | 37,441,392.94 | 8.39 | 11,232,417.89 |
| 3 to 4 years | 19,925,391.46 | 4.26 | 9,962,695.74 | 38,041,244.40 | 8.53 | 19,020,622.21 |
| 4 to 5 years | 24,740,973.22 | 5.28 | 19,792,778.58 | 21,607,268.00 | 4.84 | 17,285,814.40 |
| Over 5 years | 32,607,975.81 | 6.96 | 32,607,975.81 | 25,199,993.64 | 5.65 | 25,199,993.64 |
| Total | 468,391,336.40 | 100 | 100,463,623.38 | 446,228,134.01 | 100 | 93,966,407.27 |

(2) The company had a sum of receivable account written off before this report period, but was recovered in this period:

| Content of receivable account | Reason for write-back or recovery | Basis for determining the original bad debt provision | Accumulated amount of bad debt provision drawn before recovery | Amount recovered |
|-------------------------------|-----------------------------------|---|--|------------------|
| Payment for goods | Paid by opposite party | Long outstanding payment | 16,250.00 | 16,250.00 |

Recovery description: That sum of outstanding payment was the final sales payment owed by Changzhou Pangu Chemical Co., Ltd. Due to long outstanding period, it was written off in 2012 under the approval of the Board of Directors. In Jun. 2013, the customer agreed to pay the final payment due to the product quality problem having been solved. At last, the above payment was paid.

(3) During the report period, there is no receivable being recovered by debts reconstruction.

(4) The write-off of accounts receivable

| Name of company | The nature of accounts receivable | Written off | Reason | Related party transaction |
|-----------------|-----------------------------------|--------------|--------|---------------------------|
| Clients (55) | Sale of goods | 3,993,235.46 | | No |

Description of writing off: The Company's receivables written-off in this reporting period were mainly those treated by the company and subsidiary company— Wuhan New World Refrigeration Industries Co., Ltd for long-overdue receivables mainly because some account has been in arrears too long but the amount was relatively less, and some account was unreceivable due to the customer's refusing to pay with the excuse of generation of the field expenses.

(5) No arrearage from the shareholders holding over 5% (including 5%) of the equity of the Company existed in the balance of accounts receivable.

(6) The first five arrearage entities listed in the balance of accounts receivable

| Company | The relationship with the Company | Amount | Age | Proportion (%) |
|--|-----------------------------------|---------------|--------------------------------|----------------|
| COFCO Meat Food (Suqian) Co., Ltd. | Non-affiliated | 12,449,913.80 | Less than 1 year; 1 to 2 years | 2.66 |
| Dalian Xinghaiwan Development & Construction Management Center | Non-affiliated | 11,242,693.00 | 4 to 5 years | 2.40 |
| FAW Jiefang Automotive Co., Ltd. | Non-affiliated | 8,649,183.69 | Less than 1 year | 1.85 |
| Beijing Orient Display Technology Co., Ltd. | Non-affiliated | 6,824,902.30 | 1 to 2 years | 1.46 |
| Yichang Sanxia Logistic Park Co., Ltd. | Non-affiliated | 6,018,375.00 | Less than 1 year | 1.28 |
| Total | | 45,185,067.79 | | 9.65 |

(7) The amount of accounts receivable due from related companies are RMB 15,751,161.67, 3.36% of total accounts receivable.

Please refer to the 6 of the notes.

(8) There is no accounts receivable being ended reorganization or being negotiated during the report period.

4 Accounts paid in advance

(1) The aging of accounts paid in advance

| Account ages | 30-06-2013 | | 31-12-2012 | |
|---------------|---------------|----------------|---------------|----------------|
| | Amount | Proportion (%) | Amount | Proportion (%) |
| Within 1 year | 41,939,854.06 | 84.32 | 28,244,256.51 | 90.38 |
| 1 to 2 years | 7,490,704.57 | 15.06 | 2,736,226.73 | 8.76 |
| 2 to 3 years | 179,665.01 | 0.36 | 241,520.26 | 0.77 |
| 3 to 4 years | 127,094.08 | 0.26 | 27,973.00 | 0.09 |
| Total | 49,737,317.72 | 100 | 31,249,976.50 | 100 |

(2) The first five arrearage entities listed in the balance of accounts paid in advance

| Company | The relationship with the Company | Amount | Age | Reasons |
|--|-----------------------------------|---------------|---------------------------------|----------------------|
| Hefei General Environmental Control Technology Co., Ltd. | Non-affiliated | 6,150,000.00 | Less than 1 year | Prepayment for goods |
| Zaozhuang Bingyuan Refrigerating Equipment Installation Co., Ltd. | Non-affiliated | 3,467,729.76 | Less than 1 year | Prepayment for goods |
| Wuxi Xinan Casting Machinery Co., Ltd. | Non-affiliated | 2,632,000.00 | Less than 1 year ; 1 to 2 years | Prepayment for goods |
| Dalian Yida Construction Engineering Co., Ltd. Development Zone Branch | Non-affiliated | 2,455,106.40 | Less than 1 year | Prepayment for goods |
| Dalian Hengzhong Refrigerating Equipment Engineering Co., Ltd. | Non-affiliated | 1,882,372.57 | Less than 1 year | Prepayment for goods |
| Total | | 16,587,208.73 | | |

(3) No arrearage from the shareholders holding over 5% (including 5%) of the equity of the Company existed in the balance of accounts paid in advance.

(4) The accounts paid in advance aged more than 1 year is for the contract purchase which has not yet settled.

(5) The amount of accounts paid in advance due from related companies is RMB 130,559.55, 0.26% of total accounts paid in advance. Please refer to the 6 of the notes.

5 Dividends receivable

| Items | 31-12-2012 | Current year addition | Current year disposal | 30-06-2013 | Reasons | Any impairment |
|---------------------------------------|------------|-----------------------|-----------------------|---------------|-------------------------|----------------|
| Dividends receivable, within 1 year | | | | | | |
| Included: | | | | | | |
| Wuhan Steel and Electricity Co., Ltd. | 39,025.00 | | 39,025.00 | | | |
| Dalian Sanyo Refrigeration Co., Ltd. | | 4,800,000.00 | | 4,800,000.00 | Not due to payment date | No |
| Dalian Sanyo Cold-chain Co., Ltd. | | 8,000,000.00 | | 8,000,000.00 | Not due to payment date | No |
| Dalian Sanyo Compressor Co., Ltd. | | 24,400,000.00 | | 24,400,000.00 | Not due to payment date | No |
| Total | 39,025.00 | 37,200,000.00 | 39,025.00 | 37,200,000.00 | | |

6 Other accounts receivable

(1) Classified by account nature

| Item | 30-06-2013 | | | | 31-12-2012 | | | |
|---|---------------|----------------|-----------------------------|----------------|---------------|----------------|-----------------------------|----------------|
| | Balance | | Provision for doubtful debt | | Balance | | Provision for doubtful debt | |
| | Amount | Proportion (%) | Amount | Proportion (%) | Amount | Proportion (%) | Amount | Proportion (%) |
| Receivables that are individually significant | | | | | | | | |
| Receivables not individually significant but with high risk in groups | 27,464,765.59 | 100 | 7,231,555.72 | 26.33 | 24,977,648.93 | 100 | 6,013,679.40 | 24.08 |
| Other insignificant items | | | | | | | | |
| Total | 27,464,765.59 | 100 | 7,231,555.72 | 26.33 | 24,977,648.93 | 100 | 6,013,679.40 | 24.08 |

The aging of other accounts receivable and related provisions for bad debts

| Account age | 30-06-2013 | | | 31-12-2012 | | |
|---------------|---------------|----------------|-------------------------|---------------|----------------|-------------------------|
| | Amount | Proportion (%) | Provision for bad debts | Amount | Proportion (%) | Provision for bad debts |
| Within 1 year | 14,169,711.88 | 51.59 | 708,485.59 | 12,246,892.71 | 49.03 | 612,344.64 |
| 1 to 2 years | 3,660,163.12 | 13.33 | 36,6016.3 | 4,353,037.24 | 17.43 | 435,303.72 |
| 2 to 3 years | 3,392,851.81 | 12.35 | 1,017,855.54 | 2,954,024.32 | 11.83 | 886,207.29 |
| 3 to 4 years | 1,308,720.03 | 4.77 | 654,360.02 | 2,667,843.77 | 10.68 | 1,333,921.89 |
| 4 to 5 years | 2,242,402.40 | 8.16 | 1,793,921.92 | 49,745.16 | 0.20 | 39,796.13 |
| Over 5 years | 2,690,916.35 | 9.80 | 2,690,916.35 | 2,706,105.73 | 10.83 | 2,706,105.73 |
| Total | 27,464,765.59 | 100 | 7,231,555.72 | 24,977,648.93 | 100 | 6,013,679.40 |

(2) There is no amount of provision for bad debts written back during the report period.

(3) During the report period, there is no other account receivable being recovered by debts reconstruction.

(4) There is no amount of other accounts receivable written-off during the report period.

(5) There is no balance of other accounts receivable due from the shareholders holding over 5% (including 5%) of the equity of the Company.

(6) The first five arrearage entities of other accounts receivable

| Company | The relationship with the Company | Amount | Age | Proportion |
|---|-----------------------------------|--------------|------------------|------------|
| Xining Nongshang Investment Construction Development Management Co., Ltd. | Non-affiliated | 1,432,000.00 | 2-3 years | 5.22 |
| Tianjin Construction Team Exchange & Service Center | Non-affiliated | 1,000,000.00 | 4-5 years | 3.64 |
| Nanjing Qingjiang Cold Chain Logistics Co., Ltd. | Non-affiliated | 900,000.00 | Less than 1 year | 3.28 |
| CATIC International Economic & Trade Development Co., Ltd. | Non-affiliated | 550,000.00 | Less than 1 year | 2.00 |
| Nanjing Gangfeng Industrial Co., Ltd. | Non-affiliated | 393,121.24 | 3-4 years | 1.43 |
| Total | | 4,275,121.24 | | 15.57 |

(7) There is no amount of other accounts receivable due from related companies during the report period.

(8) There is no other accounts receivable being ended reorganization or being negotiated during the report period.

7 Inventories

(1) Cost

| Items | 30-06-2013 | | | 31-12-2012 | | |
|---|----------------|---|----------------|----------------|---|----------------|
| | Book balance | Provision for impairment of inventories | Book value | Book balance | Provision for impairment of inventories | Book value |
| Raw materials | 63,024,721.38 | 9,392,188.03 | 53,632,533.35 | 62,256,263.09 | 9,392,188.03 | 52,864,075.06 |
| Materials on Consignment for further processing | 12,705,930.20 | | 12,705,930.20 | 8,109,762.06 | | 8,109,762.06 |
| Low-value consumptions | 158,168.22 | | 158,168.22 | 142,475.24 | | 142,475.24 |
| Work-in-progress | 67,102,129.42 | | 67,102,129.42 | 93,976,830.71 | | 93,976,830.71 |
| Self-manufactured semi-finished products | 48,418,175.19 | | 48,418,175.19 | 29,285,449.92 | | 29,285,449.92 |
| Finished goods | 146,262,319.51 | 2,167,851.55 | 144,094,467.96 | 156,633,159.08 | 2,167,851.55 | 154,465,307.53 |
| Constructing projects | 32,691,954.16 | | 32,691,954.16 | 60,051,195.31 | | 60,051,195.31 |
| Total | 370,363,398.08 | 11,560,039.58 | 358,803,358.50 | 410,455,135.41 | 11,560,039.58 | 398,895,095.83 |

(2) Provision for impairment of inventories

| Item | 31-12-2012 | Current year addition | Current year disposal | | 30-06-2013 |
|----------------|---------------|-----------------------|-----------------------|-------------|---------------|
| | | | Reversal | Written-off | |
| Finished goods | 2,167,851.55 | | | | 2,167,851.55 |
| Raw materials | 9,392,188.03 | | | | 9,392,188.03 |
| Total | 11,560,039.58 | | | | 11,560,039.58 |

(3) Details of provision for impairment of inventories

| Item | The bases of provision for impairment of inventories | Reasons for reversal | Proportion of reversal of provision for impairment of inventories to closing balance |
|----------------|--|----------------------|--|
| Finished goods | The book balance is higher than recoverable amount. | | |
| Raw materials | The book balance is higher than recoverable amount. | | |

8 Other current assets

| Item | 30-06-2013 | 31-12-2012 |
|------------------------------------|--------------|--------------|
| Prepaid income tax | 4,286,714.85 | 6,026,385.86 |
| Insurance premiums to be amortized | 1,029,327.73 | |
| Total | 5,316,042.58 | 6,026,385.86 |

9、 Investment to Associates and Joint ventures

Dalian Refrigeration Co., Ltd. 2013 Semiannual Report

| No | Name | Categories | Registered address | Legal represent person | Business nature | Registered capital | Shareholding (%) | Voting right (%) | 30-06-2013 Total assets | 30-06-2013 Total liabilities | 30-06-2013 Total net assets | Total Income of 2013.01-06 | Net profit of 2013.01-06 |
|---------------|--|----------------------------|--------------------|------------------------|-----------------|--------------------|------------------|------------------|-------------------------|------------------------------|-----------------------------|----------------------------|--------------------------|
| Associates | | | | | | | | | | | | | |
| 1 | Dalian Bingshan – P&A Recreation Development Engineering Co., Ltd. | Sino-foreign joint venture | Dalian | Yang Bin | Installation | USD250,000 | 50% | 50% | 13,731,903.32 | 8,007,310.69 | 5,724,592.63 | 5,078,246.20 | -733,556.13 |
| 2 | Dalian Jiale Vending Machine Operation Co., Ltd. | Sino-foreign joint venture | Dalian | Asahi Hideehiko | Trading | JPY500,000,000 | 50% | 50% | 29,996,944.30 | 1,330,577.11 | 28,666,367.19 | 7,078,358.21 | -669,835.65 |
| Joint venture | | | | | | | | | | | | | |
| 1 | Dalian Bingshan Engineering & Trading Co., Ltd. | Sino-foreign joint venture | Dalian | Xiao Yongqin | Trading | RMB30,000,000 | 24% | 24% | 92,369,455.83 | 37,120,004.71 | 55,249,451.12 | 78,891,929.61 | 3,433,879.03 |
| 2 | Dalian Grand Ocean Thermo King Transport Refrigeration Engineering Co., Ltd | Sino-foreign joint venture | Dalian | Zhang He | Manufacturing | USD850,000 | 40% | 40% | 11,763,996.98 | 6,377,666.98 | 5,386,330.00 | | |
| 3 | Dalian Sanyo Refrigeration Co., Ltd. | Sino-foreign joint venture | Dalian | Watanabe Yoshio | Manufacturing | JPY3,450,000,000 | 40% | 40% | 674,840,020.83 | 307,687,797.13 | 367,152,223.70 | 421,220,767.96 | 437,238.19 |
| 4 | Dalian Honjo Chemical Co., Ltd. | Sino-foreign joint venture | Dalian | Honjo Yukinovi | Manufacturing | JPY260,000,000 | 30% | 30% | 34,840,637.02 | 5,776,682.81 | 29,063,954.21 | 13,867,656.63 | 1,727,781.46 |
| 5 | Dalian Sanyo Cold-chain Co., Ltd | Sino-foreign joint venture | Dalian | Watanabe Yoshio | Manufacturing | JPY4,650,000,000 | 40% | 40% | 1,375,930,585.00 | 854,067,548.00 | 521,863,037.00 | 921,409,077.11 | 11,349,946.63 |
| 6 | Keinin-Grand Ocean Thermal Technology (Dalian) Co., Ltd. | Sino-foreign joint venture | Dalian | Takumi Ishii | Manufacturing | USD15,117,890 | 20% | 20% | 306,374,592.89 | 130,754,351.94 | 175,620,240.95 | 264,543,084.88 | 22,794,044.98 |
| 7 | Dalian Sanyo Compressor Co., Ltd. | Sino-foreign joint venture | Dalian | Watanabe Yoshio | Manufacturing | JPY6,200,000,000 | 40% | 40% | 1,801,980,306.59 | 906,699,790.46 | 895,280,516.13 | 1,181,681,942.82 | 84,913,138.34 |
| 8 | Dalian Sanyo Meica Electronics Co., Ltd. | Sino-foreign joint venture | Dalian | Zhang He | Manufacturing | JPY400,000,000 | 30% | 30% | 132,471,756.91 | 41,467,752.32 | 91,004,004.59 | 85,399,178.58 | -408,061.44 |
| 9 | Beijing Huashang Bingshan Refrigeration and Air-conditioning Machinery Co., Ltd. | Sino-foreign joint venture | Beijing | Yang Bin | Trading | RMB1,000,000 | 49% | 49% | 9,807,937.70 | 7,781,245.12 | 2,026,692.58 | 19,140,778.41 | 22,654.97 |
| 10 | Dalian Fuji Bingshan Vending Machine Co., Ltd. | Sino-foreign joint venture | Dalian | Asahi Hideehiko | Manufacturing | JPY1,800,000,000 | 49% | 49% | 222,563,749.69 | 73,901,516.54 | 148,662,233.15 | 103,860,194.30 | 5,698,941.94 |
| 11 | Dalian Sanyo High-Efficient Refrigeration System Co., Ltd. | Sino-foreign joint venture | Dalian | Zhang He | Manufacturing | RMB80,000,000 | 25% | 25% | 109,896,103.05 | 22,466,327.01 | 87,429,776.04 | 64,529,150.52 | 394,304.42 |

10、Long-term equity investments

| No. | Name | Calculation method | Initial cost | Beginning balance | Changes | Ending balance | Shareholding (%) | Voting right (%) | Provision for impairment | Provision for impairment of the current period | Cash dividend of the current period |
|-----|--|--------------------|----------------|-------------------|---------------|----------------|------------------|------------------|--------------------------|--|-------------------------------------|
| 1 | Dalian Bingshan – P&A Recreation Development Engineering Co., Ltd. | Equity method | 1,034,675.00 | 3,229,074.38 | -330,100.26 | 2,898,974.12 | 50 | 50 | | | |
| 2 | Dalian Jiale Vending Machine Operation Co., Ltd. | Equity method | 18,750,000.00 | 14,668,101.42 | -334,917.83 | 14,333,183.59 | 50 | 50 | | | |
| 3 | Dalian Bingshan Engineering & Trading Co., Ltd. | Equity method | 7,200,000.00 | 12,435,737.30 | 824,130.97 | 13,259,868.27 | 24 | 24 | | | |
| 4 | Dalian Grand Ocean Thermo King Transport Refrigeration Engineering Co., Ltd. | Equity method | 2,871,708.00 | 2,154,532.01 | 0.00 | 2,154,532.01 | 40 | 40 | | | |
| 5 | Dalian Sanyo Refrigeration Co., Ltd. | Equity method | 85,416,929.20 | 151,488,491.18 | -4,651,339.02 | 146,837,152.16 | 40 | 40 | | | 4,800,000.00 |
| 6 | Dalian Honjo Chemical Co., Ltd. | Equity method | 3,908,911.50 | 9,398,455.84 | -710,369.65 | 8,688,086.19 | 30 | 30 | | | 1,197,604.02 |
| 7 | Dalian Sanyo Cold-chain Co., Ltd. | Equity method | 134,658,753.75 | 216,645,866.64 | -3,823,219.64 | 212,822,647.00 | 40 | 40 | | | 8,000,000.00 |
| 8 | Keinin-Grand Ocean Thermal Technology (Dalian) Co., Ltd. | Equity method | 24,402,234.58 | 41,365,239.20 | -6,241,191.00 | 35,124,048.20 | 20 | 20 | | | 10,800,000.00 |
| 9 | Dalian Sanyo Compressor Co., Ltd. | Equity method | 176,953,841.88 | 348,546,951.11 | 6,848,034.91 | 355,394,986.02 | 40 | 40 | | | 24,400,000.00 |
| 10 | Dalian Sanyo Meica Electronics Co., Ltd. | Equity method | 9,649,590.00 | 27,308,958.46 | -110,176.59 | 27,198,781.87 | 30 | 30 | | | |
| 11 | Dalian Sanyo Home Appliance Co., Ltd. | Equity method | 19,666,212.00 | 11,694,400.00 | 0.00 | 11,694,400.00 | 10.91 | 10.91 | 11,694,400.00 | | |
| 12 | Beijing Huashang Bingshan Refrigeration and Air-conditioning Machinery Co., Ltd. | Equity method | 490,000.00 | 905,958.67 | 11,100.94 | 917,059.61 | 49 | 49 | | | |
| 13 | Dalian Fuji Bingshan Vending Machine Co., Ltd. | Equity method | 66,416,364.00 | 70,052,012.69 | 2,792,481.55 | 72,844,494.24 | 49 | 49 | | | |
| 14 | Dalian Sanyo High-Efficient Refrigeration System Co., Ltd. | Equity method | 20,000,000.00 | 21,758,867.90 | 98,576.11 | 21,857,444.01 | 25 | 25 | | | |
| 15 | Zibo Electric Traction Machine Group Co., Ltd. | Cost method | 849,000.00 | 849,000.00 | | 849,000.00 | 1.52 | 1.52 | 849,000.00 | | |

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| No. | Name | Calculation method | Initial cost | Beginning balance | Changes | Ending balance | Shareholding (%) | Voting right (%) | Provision for impairment | Provision for impairment of the current period | Cash dividend of the current period |
|-------|--|--------------------|----------------|-------------------|---------------|----------------|------------------|------------------|--------------------------|--|-------------------------------------|
| 16 | Liaoning Mec Group Co., Ltd. | Cost method | 1,020,000.00 | 1,020,000.00 | | 1,020,000.00 | 3.57 | 3.57 | | | 500,000.00 |
| 17 | Guotai Junan Securities Co., Ltd. | Cost method | 30,098,895.00 | 30,098,895.00 | | 30,098,895.00 | 0.49 | 0.49 | 1,582,164.89 | | |
| 18 | Guotai Junan Investment Management Co., Ltd. | Cost method | 3,057,316.00 | 3,057,316.00 | | 3,057,316.00 | 0.22 | 0.22 | 2,688,605.91 | | |
| 19 | Thermo King Container Temperature Control (Suzhou) Co., Ltd. | Cost method | 11,207,806.00 | 11,207,806.00 | | 11,207,806.00 | 17.8 | 17.8 | | | |
| 20 | Liaoning Enterprises United Industry Company | Cost method | 105,000.00 | 105,000.00 | | 105,000.00 | 4.2 | 4.2 | 105,000.00 | | |
| 21 | Dalian Bingshan Group Materials Trading Co., Ltd. | Cost method | 250,000.00 | 250,000.00 | | 250,000.00 | 5 | 5 | | | |
| 22 | Wuhan Steel and Electricity Co., Ltd. | Cost method | 1,315,142.50 | 1,315,142.50 | | 1,315,142.50 | 0.056 | 0.056 | | | |
| Total | | | 619,322,379.41 | 979,555,806.30 | -5,626,989.51 | 973,928,816.79 | | | 16,919,170.80 | | 49,697,604.02 |

On Apr. 18, 2013, the company held the 3rd meeting of the 6th Board of Director, agreeing to increase the capital of Dalian Bingshan Import & Export Co., Ltd. with undistributed profits with the registered capital increasing from RMB 5 million yuan to RMB 30 million yuan. After increasing capital, the investment proportion of the company remained unchanged. At the same time, the name was changed to Dalian Bingshan Engineering & Trading Co., Ltd.

11 Fixed assets

(1) Fixed assets details

| Item | 31-12-2012 | Current year addition | Current year disposal | 30-06-2013 |
|-----------------------------|----------------|--------------------------|--------------------------|----------------|
| 1. Original value | 929,871,205.65 | 6,975,165.27 | 2,383,549.15 | 934,462,821.77 |
| Including: Buildings | 320,730,626.52 | 583,404.50 | | 321,314,031.02 |
| Machinery | 565,190,187.64 | 3,984,475.00 | 882,800.00 | 568,291,862.64 |
| Vehicles | 26,651,528.44 | 2,041,251.00 | 1,238,122.31 | 27,454,657.13 |
| Other equipments | 17,298,863.05 | 366,034.77 | 262,626.84 | 17,402,270.98 |
| 2. Accumulated depreciation | 517,972,335.98 | 17,664,156.21 | 2,005,124.31 | 533,631,367.88 |
| Including: Buildings | 108,798,387.26 | 3,924,491.48 | | 112,722,878.74 |
| Machinery | 380,337,233.39 | 12,290,112.11 | 788,962.50 | 391,838,383.00 |
| Vehicles | 15,471,089.70 | 827,861.04 | 980,348.90 | 15,318,601.84 |
| Other Equipments | 13,365,625.63 | 621,691.58 | 235,812.91 | 13,751,504.30 |
| 3. Net book value | 411,898,869.67 | | | 400,831,453.89 |
| Including: Buildings | 211,932,239.26 | | | 208,591,152.28 |
| Machinery | 184,852,954.25 | | | 176,453,479.64 |
| Vehicles | 11,180,438.74 | | | 12,136,055.29 |
| Other Equipments | 3,933,237.42 | | | 3,650,766.68 |
| 4. Provision for impairment | 6,924,986.25 | | | 6,924,986.25 |
| Including: Buildings | | | | |
| Machinery | 6,924,986.25 | | | 6,924,986.25 |
| Vehicles | | | | |
| Other Equipments | | | | |
| 5. Fixed assets net | 404,973,883.42 | | | 393,906,467.64 |
| Including: Buildings | 211,932,239.26 | | | 208,591,152.28 |
| Machinery | 177,927,968.00 | | | 169,528,493.39 |
| Vehicles | 11,180,438.74 | | | 12,136,055.29 |
| Other Equipments | 3,933,237.42 | | | 3,650,766.68 |

(2) All the accumulated depreciation increased during the current period was depreciation of the current period.

(3) The original value of fixed assets RMB 3,292,619.37 transferred from construction in progress during the report period.

(4) There were no idle fixed assets during the current period.

(5) There were no leased fixed assets during the current period.

(6) Wuhan New World Refrigeration Industrial Co. Ltd. borrowed RMB 37,500,000 from bank and mortgaged with its building and land use rights. Dalian Bingshan Metal Processing Co. Ltd. borrowed RMB 2,000,000 from bank and mortgaged with its building and land use rights.

(7) Fixed assets without owner's certificates

| Items | Reason | Expected time |
|--|---------------------|---------------|
| The casting workshop was moved to a new factory building and office. | Handling | 2013 |
| Workshop of Dalian Bingshan Air-Conditioning Equipment Co. Ltd. | Less some documents | Handling |
| Departments from debts reconstruction | Less some documents | Handling |

12 Construction in progress

| Name of projects | Budget | 31-12-2012 | Current year addition | Current year decrease | 30-06-2013 | Sources of funds | Percentage of completion |
|------------------|--------------|--------------|-----------------------|-----------------------|--------------|---------------------------|--------------------------|
| Buildings | | | 7,113,634.78 | | 7,113,634.78 | | |
| Machinery | 8,000,000.00 | 1,304,951.56 | 4,261,515.11 | 3,292,619.37 | 2,273,847.30 | Internally generated fund | 28% |
| Total | | 1,304,951.56 | 11,375,149.89 | 3,292,619.37 | 9,387,482.08 | | |

(1) No interests capitalized during the current period.

(2) The amount of construction in progress RMB 3,292,619.37 was transferred to fixed assets.

13 Intangible assets

(1) Intangible assets details

| Item | 31-12-2012 | Current year addition | Current year disposal | 30-06-2013 |
|----------------------------|----------------|-----------------------|-----------------------|----------------|
| 1.Original cost | | | | |
| Land use rights | 186,624,687.38 | | | 186,624,687.38 |
| Non-patented technology | 515,224.41 | | | 515,224.41 |
| Others | 6,473,020.63 | 392,597.98 | | 6,865,618.61 |
| Total | 193,612,932.42 | 392,597.98 | | 194,005,530.40 |
| 2.Amortization | | | | |
| Land use rights | 24,893,168.33 | 1,866,245.66 | | 26,759,413.99 |
| Non-patented technology | 515,224.41 | | | 515,224.41 |
| Others | 2,410,498.53 | 233,036.77 | | 2,643,535.30 |
| Total | 27,818,891.27 | 2,099,282.43 | | 29,918,173.70 |
| 3. Net book value | | | | |
| Land use rights | 161,731,519.05 | -1,866,245.66 | | 159,865,273.39 |
| Non-patented technology | | | | |
| Others | 4,062,522.10 | 159,561.21 | | 4,222,083.31 |
| Total | 165,794,041.15 | -1,706,684.45 | | 164,087,356.70 |
| 4.Provision for impairment | | | | |
| Land use rights | | | | |
| Non-patented technology | | | | |
| Others | | | | |
| Total | | | | |
| 5. Net value | | | | |
| Land use rights | 161,731,519.05 | -1,866,245.66 | | 159,865,273.39 |
| Non-patented technology | | | | |
| Others | 4,062,522.10 | 159,561.21 | | 4,222,083.31 |
| Total | 165,794,041.15 | -1,706,684.45 | | 164,087,356.70 |

(2) The increase of intangible assets in this period was software purchased.

(3) RMB2,099,282.43 yuan of intangible assets was amortized in this period.

(4) As the intangible assets without book value was higher than the recoverable amount by the end of the period, no provisions for impairment of intangible assets were drawn.

(5) Please refer to the 11 of the notes for land use rights mortgaged.

14 Long-term prepayments

| Item | 31-12-2012 | Current year addition | Current year disposal | 30-06-2013 |
|------------------------------|--------------|-----------------------|-----------------------|--------------|
| 1.Original cost | | | | |
| Employee dormitory use right | 4,154,348.90 | | | 4,154,348.90 |
| Decoration expenses | | 351,030.90 | | 351,030.90 |
| Total | 4,154,348.90 | 351,030.90 | | 4,505,379.80 |
| 2. Amortization | | | | |
| Employee dormitory use right | 1,172,830.28 | 69,239.16 | | 1,242,069.44 |
| Decoration expenses | | 9,750.85 | | 9,750.85 |
| Total | 1,172,830.28 | 78,990.01 | | 1,251,820.29 |
| 3. Net book value | | | | |
| Employee dormitory use right | 2,981,518.62 | | | 2,912,279.46 |
| Decoration expenses | | | | 341,280.05 |
| Total | 2,981,518.62 | | | 3,253,559.51 |

Employee dormitory use right is amortized during 30 years. RMB 69,239.16 yuan was amortized in this period. The decoration expenses are to be amortized for three years. RMB 9,750.85 yuan was amortized in this period.

15 Deferred tax assets/Deferred tax liabilities

| Item | 30-06-2013 | 31-12-2012 |
|---|---------------|---------------|
| Deferred tax assets | | |
| Provision for bad debts | 15,510,490.85 | 13,301,546.04 |
| Provision for obsolete inventory | 2,890,009.89 | 2,890,009.89 |
| Impairment provision of fixed assets | 1,731,246.56 | 1,731,246.56 |
| Total | 20,131,747.30 | 17,922,802.49 |
| Deferred tax liabilities | | |
| Fair value changes of financial assets available for sale | | |
| Total | | |

(2)Temporary differences

| Items | 30-06-2013 | 31-12-2012 |
|--------------------------------------|---------------|---------------|
| Provision for bad debts | 75,770,996.91 | 60,370,008.09 |
| Provision for obsolete inventory | 11,560,039.58 | 11,560,039.58 |
| Impairment provision of fixed assets | 6,924,986.25 | 6,924,986.25 |
| Total | 94,256,022.74 | 78,855,033.92 |

16、Provision for impairment

| Items | 31-12-2012 | Current year addition | Current year disposal | | 30-06-2013 |
|---|----------------|-----------------------|-----------------------|--------------|----------------|
| | | | Reversal | Written off | |
| 1.Bad debts provision | 99,980,086.67 | 11,708,327.89 | | 3,993,235.46 | 107,695,179.10 |
| 2.Provision for obsolete inventories | 11,560,039.58 | | | | 11,560,039.58 |
| 3.Provision for the impairment of financial assets available for sale | | | | | |
| 4.Provision for the impairment of held to maturity investments | | | | | |
| 5.Provision for the impairment of long-term equity investments | 16,919,170.80 | | | | 16,919,170.80 |
| 6.Provision for the impairment of investing property | | | | | |
| 7.Provision for the impairment of fixed assets | 6,924,986.25 | | | | 6,924,986.25 |
| 8.Provision for the impairment of construction materials | | | | | |
| 9.Provision for the impairment of construction in progress | | | | | |
| 10.Provision for the impairment of bearer biological assets | | | | | |
| 11.Provision for the impairment of oil assets | | | | | |
| 12.Provision for the impairment of intangible assets | | | | | |
| 13.Provision for the impairment of goodwill | | | | | |
| 14.Provision for the impairment of other assets | | | | | |
| Total | 135,384,283.30 | 11,708,327.89 | | 3,993,235.46 | 143,099,375.73 |

17 Short-term loans

| Terms of borrowing | 30-06-2013 | 31-12-2012 |
|--------------------|---------------|---------------|
| Credit loan | | |
| Mortgage loan | 39,500,000.00 | 29,500,000.00 |
| Total | 39,500,000.00 | 29,500,000.00 |

(1) Wuhan New World Refrigeration Industrial Co. Ltd. borrowed short-term loan RMB 37,500,000 from bank and mortgaged with its building and land use rights. Dalian Bingshan Metal Processing Co. Ltd. borrowed RMB 2,000,000 from bank and mortgaged with its building and land use rights.

(2) There was no short-term loan due to pay at the end of the report period.

18 Notes payable

| Item | 30-06-2013 | 31-12-2012 |
|------------------------|---------------|---------------|
| Bank acceptance notes | 60,180,876.29 | 75,452,028.38 |
| Trade acceptance notes | | 3,675,095.82 |
| Total | 60,180,876.29 | 79,127,124.20 |

(1) The amount of notes payable due within the next report period is RMB 60,180,876.29.

(2) The amount of notes payable due to related companies is RMB 1,160,000.00, 1.93% of total notes payable. Please refer to the 6 of the notes.

19 Accounts payable

| Ages | 30-06-2013 | | 31-12-2012 | |
|---------------|----------------|----------------|----------------|----------------|
| | Amount | Proportion (%) | Amount | Proportion (%) |
| Within 1 year | 480,513,612.25 | 89.38 | 397,641,695.13 | 91.05 |
| 1 to 2 years | 31,329,974.04 | 5.83 | 20,899,378.69 | 4.79 |
| 2 to 3 years | 11,916,916.05 | 2.21 | 11,693,523.33 | 2.68 |
| 3 to 4 years | 7,677,548.58 | 1.43 | 1,415,896.19 | 0.32 |

| | | | | |
|--------------|----------------|------|----------------|------|
| 4 to 5 years | 1,232,577.73 | 0.23 | 690,783.07 | 0.16 |
| Over 5 years | 4,942,748.31 | 0.92 | 4,379,062.79 | 1.00 |
| Total | 537,613,376.96 | 100 | 436,720,339.20 | 100 |

(1) No amount due to the shareholders holding over 5% (including 5%) of the equity of the Company existed in the balance of accounts payable at the end of current period.

(2) There was no big amount among the accounts payable aged more than 1 year.

(3) The amount of accounts payable due to related companies is RMB 36,999,212.66, 6.88% of total accounts payable. Please refer to the 6 of the notes.

20 Accounts received in advance

| Ages | 30-06-2013 | | 31-12-2012 | |
|--------------|----------------|---------------|----------------|---------------|
| | Amount | Proportion(%) | Amount | Proportion(%) |
| Within1 year | 156,736,659.73 | 72.08 | 207,173,680.69 | 71.93 |
| 1 to 2 years | 34,009,524.16 | 15.64 | 48,059,518.74 | 16.68 |
| 2 to 3 years | 19,661,657.96 | 9.04 | 8,520,448.19 | 2.96 |
| 3 to 4 years | 4,209,130.94 | 1.93 | 23,137,733.83 | 8.03 |
| 4 to 5 years | 1,694,964.25 | 0.78 | 1,038,356.88 | 0.36 |
| Over 5 years | 1,149,731.78 | 0.53 | 111,374.90 | 0.04 |
| Total | 217,461,668.82 | 100 | 288,041,113.23 | 100 |

(1) There were no accounts due to the shareholders holding over 5% (including 5%) of the equity of the Company existed in the balance of accounts received in advance at the end of current period.

(2) Most of the amount of accounts received in advance aged more than one year was unsettled contract payments on construction in progress.

(3) The amount of accounts received in advance due to related companies is RMB 1,866,449.34, 0.86% of total accounts received in advance. Please refer to the 6 of the notes.

21 Employee's compensation payable

| Item | 31-12-2012 | Current year addition | Current year reduction | 30-06-2013 |
|--|---------------|-----------------------|------------------------|---------------|
| 1. Wages and salaries, bonuses, allowances and subsidies | 36,136,166.83 | 76,806,533.21 | 99,686,962.91 | 13,255,737.13 |
| 2. Staff welfare | 22,485,421.91 | 8,279,544.16 | 10,952,241.67 | 19,812,724.40 |
| 3. Social insurance | 2,026,248.32 | 23,546,050.03 | 25,572,298.35 | |
| Including : Medical insurance | 83,383.81 | 5,452,747.64 | 5,536,131.45 | |
| Retirement pension | 208,241.44 | 13,795,002.28 | 14,003,243.72 | |
| Unemployment insurance | 138,073.65 | 1,207,190.84 | 1,345,264.49 | |
| injury insurance premium | 13,533.71 | 705,203.12 | 718,736.83 | |
| Pregnancy insurance | 8,328.46 | 475,188.54 | 483,517.00 | |
| Housing subsidies | 1,574,687.25 | | 1,574,687.25 | |
| Heating subsidies | | 1,910,717.61 | 1,910,717.61 | |
| Total insurance | | | | |
| 4. Housing fund | 1,968,300.54 | 11,458,811.80 | 11,788,175.50 | 1,638,936.84 |
| 5. Labor union fee and employee education fee | 1,768,613.37 | 1,308,107.26 | 2,381,931.89 | 694,788.74 |
| 6. Non-currency welfare | | | | |
| 7. Redemption for terminations of labor contract | | | | |
| 8. Other | | | | |
| Total | 64,384,750.97 | 121,399,046.46 | 150,381,610.32 | 35,402,187.11 |

There was no amount delay paid at the end of the report period.

22 Taxes payable

| Item | 30-06-2013 | 31-12-2012 |
|--|---------------|---------------|
| Value-added tax | 3,967,233.80 | -5,138,920.13 |
| Business tax | 1,366,661.98 | 1,335,280.85 |
| City maintenance and construction tax | 494,214.79 | 198,984.65 |
| Enterprise income tax | 2,197,102.34 | 3,269,786.14 |
| Individual income tax | 3,196,778.23 | 382,023.46 |
| Stamp duty | 36,367.56 | 33,096.69 |
| Extra-charges for education | 197,858.98 | 71,645.88 |
| Extra-charges for local education | 123,992.82 | 39,247.17 |
| Water project fund/River route maintenance fee | 596,211.98 | 427,516.11 |
| Safeguard fund for disables | 384.00 | 420.00 |
| Embankment tax | | 1,098.84 |
| Real estate tax | 373,581.64 | |
| Land tax | 434,549.74 | |
| Total | 12,984,937.86 | 620,179.66 |

23 Dividend payable

| Name of investors | 30-06-2013 | 31-12-2012 |
|---------------------|--------------|------------|
| Legal person shares | 2,983,156.00 | 533,156.00 |
| Total | 2,983,156.00 | 533,156.00 |

The amount of dividend payable at the end of the report period included dividend payable to Dalian Bingshan Group Co. Ltd. RMB 950,000.00 and dividend payable to Japan Sanyo Electricity Co., Ltd. RMB 1,500,000.00 which hold over 5% (including 5%) of the equity of the Company.

24 Other accounts payable

| Ages | 30-06-2013 | | 31-12-2012 | |
|---------------|---------------|---------------|---------------|---------------|
| | Amount | Proportion(%) | Amount | Proportion(%) |
| Within 1 year | 18,236,919.56 | 43.91 | 28,634,478.69 | 53.59 |
| 1 to 2 years | 2,108,469.79 | 5.08 | 5,340,619.53 | 9.99 |
| 2 to 3 years | 2,348,499.70 | 5.66 | 3,322,905.85 | 6.22 |
| 3 to 4 years | 2,850,746.64 | 6.86 | 2,563,202.17 | 4.80 |
| 4 to 5 years | 2,448,310.17 | 5.89 | 1,845,733.04 | 3.45 |
| Over 5 years | 13,542,413.83 | 32.60 | 11,729,024.79 | 21.95 |
| Total | 41,535,359.69 | 100 | 53,435,964.07 | 100 |

(1) There were RMB 10,541,125.25 due to the shareholders holding over 5% (including 5%) of the equity of the Company—Dalian Bingshan Group Co., Ltd., and mainly because subsidiary company borrowed for moving to new location.

(2) The amount of other accounts payable due to related companies is RMB 10,671,484.86, 25.69% of total other accounts payable. Please refer to the 6 of the notes.

(3) Most of the amount of other accounts payable aged more than one year was owed to Dalian Bingshan Group Co., Ltd.

25 Other non-current liabilities —Deferred income

| Item | 30-06-2013 | 31-12-2012 |
|--|------------|--------------|
| Contribution to subsidiary company relocation | 557,000.00 | 1,114,000.00 |
| Subsidy fund for highly effective heat pump and related system | 292,550.50 | 585,101.00 |
| Total | 849,550.50 | 1,699,101.00 |

For the above deferred incomes, it should be carried forward in 2013 as the schedule for transferring it into the profit statement.

26 Other non-current liabilities —Deferred income

| Item | 30-06-2013 | 31-12-2012 |
|--|---------------|---------------|
| Subsidy fund for big screw refrigeration research project | 3,108,039.31 | 6,688,918.19 |
| Subsidy fund for highly effective heat pump and related system | 4,874,495.00 | 4,874,495.00 |
| Contribution to subsidiary company relocation | 47,902,000.00 | 47,902,000.00 |
| Big capacity of sea water pre-freeze project of Project 863 | 15,549,945.60 | 13,809,945.60 |
| Total | 71,434,479.91 | 73,275,358.79 |

The balance of above items didn't meet the conditions being converted to income at the end of the report period.

27 Share capitals

| Item | 31-12-2012 | Issuance of new shares | Shares converted from reserve | Others | 30-06-2013 |
|---|----------------|------------------------|-------------------------------|--------|----------------|
| I. Non-circulating share capital with restricted trade conditions | | | | | |
| 1. State-owned shares | | | | | |
| 2. Shares held by domestic legal persons | | | | | |
| 3. Other domestic shares | 19,306,034.00 | | | | 19,306,034.00 |
| Including: Shares held by domestic natural person | 92,113.00 | | | | 92,113.00 |
| II. Circulating share capital | | | | | |
| 1. Domestically listed ordinary shares (A-share) | 215,708,941.00 | | | | 215,708,941.00 |
| 2. Domestically listed ordinary shares (B-share) | 115,000,000.00 | | | | 115,000,000.00 |
| III. Total | 350,014,975.00 | | | | 350,014,975.00 |

28 Capital surpluses

| Item | 31-12-2012 | Current year addition | Current year reduction | 30-06-2013 |
|-----------------------|----------------|-----------------------|------------------------|----------------|
| Capital premium | 513,645,432.79 | | | 513,645,432.79 |
| Other capital surplus | 71,206,850.42 | 12,000.00 | | 71,218,850.42 |
| Total | 584,852,283.21 | 12,000.00 | | 584,864,283.21 |

Other capital reserve fund increased in this report period was a car received by the company on free basis, which was transferred by the Trade Union Commission of Dalian Bingshan Group Co., Ltd. and entered into account according to the fair value when being settled by Dalian Second-hand Motor Vehicle Trading Market Co., Ltd.

29 Surplus reserves

| Item | 31-12-2012 | Current year addition | Current year reduction | 30-06-2013 |
|------------------|----------------|-----------------------|------------------------|----------------|
| Surplus reserves | 469,665,883.33 | 21,334,339.53 | | 491,000,222.86 |
| Total | 469,665,883.33 | 21,334,339.53 | | 491,000,222.86 |

The increase of the surplus reserves was because the other reserved capital were withdrawn on the basis of 20% of the Company's net profit of 2012 according to the resolution of the Shareholders' General Meeting of year 2012.

30 Retained earnings

| Items | Amount | Extraction or allocation proportion |
|--|----------------|---|
| Retained earnings at the end of prior year | 404,267,596.17 | |
| Add: Changes in accounting policies | | |
| At beginning of the year after retrospective adjustment | 404,267,596.17 | |
| Add: Net profit | 65,122,435.00 | |
| Less: Appropriation of statutory surplus reserves | | |
| Appropriation of other reserved capital | 21,334,339.53 | 20% of net profit of the Company of year 2012 |
| Cash dividends | 52,502,246.25 | RMB 0.15 per share |
| Appropriation of employee's welfare and bonus fund in foreign invested company | 2,081,103.16 | |
| Retained earnings at the end of the current year | 393,472,342.23 | |

31 Revenue and cost of sales

(1) Business income and cost

| Items | 2013.01-06 | 2012.01-06 |
|-----------------------|----------------|----------------|
| Operating income | 792,124,153.23 | 851,218,300.53 |
| Key business income | 781,945,848.39 | 837,302,305.15 |
| Other business income | 10,178,304.84 | 13,915,995.38 |
| Operating cost | 620,886,543.64 | 676,485,145.01 |
| Key business cost | 612,570,078.48 | 663,416,851.11 |
| Other business cost | 8,316,465.16 | 13,068,293.90 |

(2) Key business (type) :

| Name of type | 2013.01-06 | | 2012.01-06 | |
|---------------|----------------|----------------|----------------|----------------|
| | Revenue | Cost | Revenue | Cost |
| Manufacturing | 781,945,848.39 | 612,570,078.48 | 837,302,305.15 | 663,416,851.11 |

(3) Key business (product) :

| Name of product | 2013.01-06 | | 2012.01-06 | |
|--------------------------|----------------|----------------|----------------|----------------|
| | Revenue | Cost | Revenue | Cost |
| Refrigeration equipments | 781,945,848.39 | 612,570,078.48 | 837,302,305.15 | 663,416,851.11 |

(4) Key business (region) :

| Name of region | 2013.01-06 | | 2012.01-06 | |
|---------------------|----------------|----------------|----------------|----------------|
| | Revenue | Cost | Revenue | Cost |
| North-east of China | 590,919,291.04 | 471,649,196.95 | 627,232,098.55 | 504,624,152.61 |
| East of China | 10,554,770.03 | 8,699,608.75 | 8,175,753.92 | 6,601,965.43 |
| Centre of China | 180,471,787.32 | 132,221,272.78 | 201,894,452.68 | 152,190,733.07 |
| Total | 781,945,848.39 | 612,570,078.48 | 837,302,305.15 | 663,416,851.11 |

(5) Top five customers

| Name | Revenue | Percentage of total business income (%) |
|---|----------------|---|
| Dalian Bingshan Engineering & Trading Co., Ltd. | 43,533,748.55 | 5.50 |
| China PLA No. 63820 Troop 099 Project Command Office | 23,931,623.93 | 3.02 |
| Huanghai Ship-building Co., Ltd. Shandong Province | 18,506,564.10 | 2.34 |
| Beijing Huashang-Bingshan Refrigerating & Air-conditioning Complete Equipment Co., Ltd. | 12,913,205.37 | 1.63 |
| Sichuan Tianlun Tanxiangluo Food Co., Ltd. | 12,393,162.39 | 1.56 |
| Total | 111,278,304.34 | 14.05 |

32 Business taxes and surcharges

| Item | 2013.01-06 | 2012.01-06 | Basis of taxes calculated |
|---------------------------------------|--------------|--------------|--|
| Business tax | 693,802.89 | 1,065,033.92 | 3% or 5% of Revenue |
| City maintenance and construction tax | 3,029,455.20 | 3,205,048.05 | 7% of Business tax and Value-added tax |
| Additional education Fees | 1,167,781.94 | 1,468,466.10 | 3% of Business tax and Value-added tax |
| Local educational fee | 763,858.52 | 955,822.78 | 2% of Business tax and Value-added tax |
| Embankment expenses | 110,327.65 | 111,143.15 | |
| Total | 5,765,226.20 | 6,805,514.00 | |

33 Selling and distribution expenses

| Items | 2013.01-06 | 2012.01-06 |
|-----------------------------------|---------------|---------------|
| Handle official business expenses | 2,117,556.59 | 2,400,317.89 |
| Salaries and subsidies | 20,829,431.85 | 21,683,526.31 |
| Depreciation expenses | 266,366.89 | 273,208.23 |
| Transportations expenses | 5,416,659.97 | 6,586,964.11 |
| Entertainment expenses | 4,121,601.35 | 4,302,663.49 |
| Traveling expenses | 8,393,449.44 | 6,443,032.41 |
| Maintenance and repair expenses | 3,773,656.52 | 3,620,302.38 |
| Advertise and bids expenses | 888,762.65 | 1,135,852.92 |
| Others | 573,858.09 | 749,032.49 |
| Total | 46,381,343.35 | 47,194,900.23 |

34 Administrative expenses

| Items | 2013.01-06 | 2012.01-06 |
|-----------------------------------|---------------|---------------|
| Handle official business expenses | 5,495,996.27 | 6,106,308.77 |
| Salaries and subsidies | 50,123,180.61 | 52,155,029.15 |
| Depreciation expenses | 3,353,905.34 | 3,587,274.79 |
| Transportations expenses | 684,763.80 | 834,648.81 |
| Entertainment expenses | 2,060,029.13 | 1,964,632.15 |
| Traveling expenses | 2,154,686.39 | 1,779,844.42 |
| Maintenance and repair expenses | 3,113,016.21 | 2,574,549.52 |
| Advertise expenses | 250,197.35 | 228,217.25 |
| Other taxes | 5,527,095.24 | 4,273,050.16 |
| Insurance expenses | 1,279,712.96 | 1,804,720.89 |

| | | |
|---|---------------|---------------|
| Research and development expenses | 7,608,134.32 | 742,8943.7 |
| Amortization of long term assets | 2,147,650.88 | 2,114,872.91 |
| Design consultant and test service expenses | 1,975,676.93 | 1,808,814.77 |
| Others | 1,210,104.29 | 1,464,456.05 |
| Total | 86,984,149.72 | 88,125,363.34 |

35 Financial expenses

| Items | 2013.01-06 | 2012.01-06 |
|------------------------|---------------|---------------|
| Interest expenses | 1,367,645.83 | 691,458.36 |
| Less: interest income | 3,697,556.93 | 3,552,147.62 |
| Losses on exchange | 124,156.42 | 96,314.50 |
| Less: gain on exchange | 149,827.16 | 2,635.48 |
| Other expenses | 270,465.01 | 249,980.61 |
| Total | -2,085,116.83 | -2,517,029.63 |

36 Impairment losses

| Items | 2013.01-06 | 2012.01-06 |
|---|---------------|---------------|
| Bad debt provision | 11,692,077.89 | 13,943,786.87 |
| Provision for obsolete inventories | | |
| Provision for the impairment of available-for-sale financial assets | | |
| Provision for the impairment of held to maturity investments | | |
| Provision for the impairment of long-term equity investments | | |
| Provision for the impairment of investing property | | |
| Provision for the impairment of fixed assets | | |
| Provision for the impairment of construction materials | | |
| Provision for the impairment of construction in progress | | |
| Provision for the impairment of bearer biological assets | | |
| Provision for the impairment of oil assets | | |
| Provision for the impairment of intangible assets | | |
| Provision for the impairment of goodwill | | |
| Provision for the impairment of other assets | | |
| Total | 11,692,077.89 | 13,943,786.87 |

37、Gain/ (loss) from investments

(1) Categories

| Items | 2013.01-06 | 2012.01-06 |
|---|---------------|---------------|
| Calculated by cost method | 500,000.00 | |
| Calculated by equity method | 43,570,614.51 | 44,944,226.71 |
| Investment income due to disposal of the equity of associated company | | 26,001.99 |
| Total | 44,070,614.51 | 44,970,228.70 |

(2) Calculated by cost method (more than 5% of profit)

| Name | 2013.01-06 | 2012.01-06 | Reason of changes |
|------------------------------|------------|------------|-----------------------|
| Liaoning Mec Group Co., Ltd. | 500,000.00 | | Dividend distribution |
| Total | 500,000.00 | | |

(3) Calculated by equity method (more than 5% of profit)

| Name | 2013.01-06 | 2012.01-06 | Reason of changes |
|--|---------------|---------------|-----------------------------|
| Dalian Sanyo Cold-chain Co., Ltd | 4,176,780.36 | 10,957,088.27 | Decrease of business profit |
| Keinin-Grand Ocean Thermal Technology (Dalian) Co., Ltd. | 4,558,809.00 | 7,669,105.73 | Decrease of business profit |
| Dalian Sanyo Compressor Co., Ltd. | 31,248,034.91 | 18,328,875.46 | Increase of business profit |
| Dalian Fuji Bingshan Vending Machine Co., Ltd. | | 5,080,150.27 | |
| Total | 39,983,624.27 | 42,035,219.73 | |

(4) There was no severe constrict on the collection of the investment earnings.

38 Non-business incomes

(1) Details

| Item | 2013.01-06 | 2012.01-06 |
|---|--------------|--------------|
| Gain on the disposal of non-current assets | 240,775.86 | 23,500.00 |
| Including: gain on the disposal of fixed assets | 240,775.86 | 23,500.00 |
| Penalty and fine income | 46,798.83 | 124,212.00 |
| Subsidy fund from government | 865,155.39 | 1,092,997.66 |
| Deferred income | 4,137,878.88 | 4,545,142.86 |
| Debts need not paid | | 773,202.01 |
| Others | | 6,775.95 |
| Total | 5,290,608.96 | 6,565,830.48 |

(2) Subsidy fund from government

| Items | 2013.01-06 | 2012.01-06 | Explanations |
|--|------------|--------------|--|
| Medium and small enterprise development fund subsidies | | 10,500.00 | Hubei Province appropriated medium and small enterprise development fund subsidies |
| Fund subsidies according to economic support policies | 20,300.00 | | Fund subsidies for 2012 according to economic support policies |
| Others | 844,855.39 | 1,082,497.66 | Tax refund |
| Total | 865,155.39 | 1,092,997.66 | |

39 Non-business expenses

| Item | 2013.01-06 | 2012.01-06 |
|---|------------|------------|
| Loss on the disposal of non-current assets | | 222,418.65 |
| Including: loss on the disposal of fixed assets | | 222,418.65 |
| Fines and penalties | | 41,651.81 |
| Others | | 55,534.34 |
| Total | | 264,070.46 |

40 Income tax expense

| Item | 2013.01-06 | 2012.01-06 |
|-----------------------------|---------------|---------------|
| Current income tax expense | 6,721,007.66 | 6,182,954.68 |
| Deferred income tax expense | -2,208,944.81 | -2,550,539.49 |
| Total | 4,512,062.85 | 3,632,415.19 |

41、 Basic earnings per share and diluted earnings per share calculation process

(1) Calculation of basic earning per share

| Item | No. | 2013.01-06 | 2012.01-06 |
|--|-----------------------|---------------|---------------|
| Profit or loss attributable to the Company | 1 | 65,122,435.00 | 66,392,427.44 |
| Profit or loss after deducting extraordinary gain or loss attributable to the Company | 2 | 62,382,278.37 | 63,276,376.07 |
| the weighted average number of ordinary shares outstanding during the period(S ₀) | 3=4+5+6*10/9-7*11/9-8 | 350,014,975 | 350,014,975 |
| the number of ordinary shares at the beginning of the period(S ₀) | 4 | 350,014,975 | 350,014,975 |
| the number of additional ordinary shares issued on capital surplus transfer or share dividends appropriation(S ₁) | 5 | | |
| the number of ordinary shares issued in exchange for cash or issued as a result of the conversion of a debt instrument to ordinary shares during the period(S _i) | 6 | | |
| reduced number of ordinary shares such as shares buy back(S _j) | 7 | | |
| the number of a reverse share split(S _k) | 8 | | |
| the months during the period(M ₀) | 9 | 6 | 6 |
| the months from the following month after issuing incremental shares to the end of the period(M _i) | 10 | | |
| the months from the following month after reducing shares to the end of the period(M _j) | 11 | | |
| Basic earnings per share | 12=1/3 | 0.19 | 0.19 |
| Basic earnings per share deducting extraordinary gain or loss | 13=2/3 | 0.18 | 0.18 |

(2) For the diluted potential ordinary shares, the net profits attributed to ordinary shareholders during the reporting term and the weighted average number of outstanding ordinary shares should be adjusted separately, and it shall be used to calculate the diluted earnings per share. Under the circumstances to issue the diluted potential ordinary shares such as convertible bonds, stock options, stock warrants, the diluted earnings per share shall be calculated in the light of the formula as follow: Diluted Earnings Per Share = $P1 / (S_0 + S_1 + S_i \times M_i \div M_0 - S_j \times M_j \div M_0 - S_k + \dots)$ The weighted average number of incremental ordinary shares on warrants, options, convertible debt and so on) P1 represents the amounts attributable to ordinary equity holders of the Company in respect of: (a) Profit or loss attributable to the Company; and (b) Profit or loss after deducting extraordinary gain or loss attributable to the Company, adjust according to the accounting standards for enterprises and other relevant provisions. The Company considered in sequence from dilutive potential ordinary shares to get the lowest earnings per share.

42、 Other comprehensive income

| Items | 2013.01-06 | 2012.01-06 |
|--|------------|------------|
| 1、 Gain/(loss) on financial assets available for sale | | |
| Less : Income tax infection on financial assets available for sale | | |
| Net amount transferred into profit and loss at current period that reckon into other comprehensive income at former period | | |
| Subtotal | | |
| 2、 Net amount of comprehensive income of invested company | | |

| Items | 2013.01-06 | 2012.01-06 |
|--|------------|------------|
| belonging to the company | | |
| Less: Income tax infection | | |
| Net amount transferred into profit and loss at current period that reckon into other comprehensive income at former period | | |
| Subtotal | | |
| 3.Others | 12,000.00 | |
| Less: Income tax infection | 3,000.00 | |
| Net amount transferred into profit and loss at current period that reckon into other comprehensive income at former period | | |
| Subtotal | 9,000.00 | |
| Total | 9,000.00 | |

43. Relevant information about cash flow statement

(1) Other cash received relating to operating activities

| Item | 2013.01-06 | 2012.01-06 |
|--|---------------|---------------|
| Financial appropriation | 1,760,300.00 | 1,750,500.00 |
| Returns travel expense receivable | 1,010,218.99 | 2,004,720.76 |
| Deposit received | 7,213,863.00 | 5,845,512.00 |
| Received the current payments from connected parties | 3,891,341.04 | |
| Interest income | 2,657,991.66 | 3,552,147.62 |
| Others | 1,101,089.09 | 2,910,245.05 |
| Total | 17,634,803.78 | 16,063,125.43 |

(2) Other cash paid relating to operating activities

| Item | 2013.01-06 | 2012.01-06 |
|----------------------------|---------------|---------------|
| Travel expense | 11,293,948.33 | 8,876,368.97 |
| Deposit paid | 5,453,148.00 | 6,119,700.00 |
| Sales expenditure | 24,399,925.23 | 17,174,325.89 |
| Administrative expenditure | 17,141,598.46 | 19,606,623.34 |
| Bank fees | 270,465.01 | 249,980.61 |
| Others | 798,023.29 | 2,012,239.68 |
| Total | 59,357,108.32 | 54,039,238.49 |

(3) Other cash received relating to financing activities

| Item | 2013.01-06 | 2012.01-06 |
|---|------------|------------|
| Liquidation of Dalian Bingshan Water Environment Co., Ltd., an allied company | | 579,183.60 |
| Total | | 579,183.60 |

(4) Other cash paid relating to financing activities

| Item | 2013.01-06 | 2012.01-06 |
|--|------------|------------|
| Discount interest for acceptance notes | | 70,927.69 |
| Total | | 70,927.69 |

44 Complementary information for consolidated cash flow statement**(1) The relationship between the net profit and the net cash flows from operating activities**

| Item | 2013.01-06 | 2012.01-06 |
|---|----------------|-----------------|
| 1. Reconciliation from the net profit to the cash flows from operating activities | | |
| Net profit | 67,085,019.42 | 68,824,074.81 |
| Add: Provisions for assets impairment | 11,692,077.89 | 13,943,786.87 |
| Depreciation of fixed assets | 17,663,856.21 | 16,274,896.88 |
| Amortization of intangible assets | 2,099,282.43 | 2,045,633.75 |
| Amortization of long-term deferred expenses | 78,990.01 | 69,239.16 |
| Losses on disposal of fixed assets, intangible assets and other long-term assets (gains, -) | -18,357.21 | 169,656.32 |
| Losses on scrapping of fixed assets (gains, -) | | 8,930.23 |
| Losses on variation of fair value (gains, -) | | |
| Finance expenses (income, -) | 1,355,670.85 | 797,054.21 |
| Investment losses (gains, -) | -44,070,614.51 | -44,998,103.70 |
| Decrease in deferred tax assets (increase, -) | -2,208,944.81 | -2,550,539.49 |
| Increase in deferred tax liabilities (decrease, -) | | |
| Decrease in inventory (increase, -) | 40,091,737.33 | 85,803,474.29 |
| Decrease in operating receivables (increase, -) | -82,052,456.41 | -87,893,219.92 |
| Increase in operating payables (decrease, -) | -7,973,003.13 | -180,130,403.46 |
| Others | | |
| Net cash flows from operating activities | 3,743,258.07 | -127,635,520.05 |
| 2. Investing and financing activities that do not involve cash receipts and payments | | |
| Conversion of debt into capital | | |
| Convertible bonds to be expired within one year | | |
| Fixed assets under finance lease | | |
| 3. Net increase in cash and cash equivalents | | |
| Cash at the end of the period | 481,218,686.90 | 441,824,449.34 |
| Less: Cash at the beginning of the period | 525,818,735.46 | 681,077,489.30 |
| Plus: Cash equivalents at the end of the period | | |
| Less: Cash equivalents at the beginning of the period | | |
| Net increase in cash and cash equivalents | -44,600,048.56 | -239,253,039.96 |

(2) Cash and cash equivalents

| Item | 2013.01-06 | 2012.01-06 |
|--|----------------|----------------|
| 1. Cash | 481,218,686.90 | 525,818,735.46 |
| Including: cash on hand | 305,344.67 | 195,378.55 |
| Bank deposits that can be used for payment whenever necessary | 480,913,342.23 | 523,052,983.91 |
| Other monetary capital that can be used for payment whenever necessary | | 2,570,373.00 |
| 2. cash equivalents | | |
| Including: Bonds mature within 3 months | | |
| 3. Balance of cash and cash equivalents at the end of the year | 481,218,686.90 | 525,818,735.46 |

.Related Party Relationships and Transactions

1、 Information of parent company

| Name of enterprise | Principal activities | Nature | Registered address | Legal representative person | Nature of business | Registered capital | The parent company's shareholding (%) | The parent company's voting right (%) | The ultimate controlling party of the Company | Organization Code |
|---------------------------------|---|----------------------------|--------------------|-----------------------------|--------------------|--------------------|---------------------------------------|---------------------------------------|---|-------------------|
| Dalian Bingshan Group Co., Ltd. | Installation and manufactory of refrigeration equipment | Sino-foreign joint venture | Dalian | Xiao Yongqin | Manufacture | RMB140,600,000.00 | 21.96% | 21.96% | SASAC of Dalian | 24129179-3 |

2、 Subsidiaries

| No. | Name of invested company | Nature of enterprise | Type | Registered address | Legal representative person | Nature of business | Registered capital | The company's shareholding (%) | The company's voting right (%) | Organization Code |
|-----|---|-----------------------------|----------|--------------------|-----------------------------|--------------------|--------------------|--------------------------------|--------------------------------|-------------------|
| 1 | Dalian Bingshan Group Refrigeration Installation Company | Limited liabilities company | Industry | Dalian | Zhang Hongzhi | Installation | RMB20,040,000.00 | 100 | 100 | 24236769-X |
| 2 | Dalian Bingshan Group Sales Company | Limited liabilities company | Trading | Dalian | Yang Bin | Trading | RMB18,000,000.00 | 90 | 90 | 70216986-3 |
| 3 | Dalian Bingshan Air-Conditioning Equipment Co., Ltd. | Limited liabilities company | Industry | Dalian | Yamamoto Shunnti | Manufacturing | JPY700,000,000.00 | 70 | 70 | 60488234-X |
| 4 | Dalian Bingshan Metal Processing Co., Ltd. | Limited liabilities company | Industry | Dalian | Zhang He | Manufacturing | USD2,350,000.00 | 64.25 | 64.25 | 70215200-9 |
| 5 | Dalian Bingshan Guardian Automation Co., Ltd. | Limited liabilities company | Industry | Dalian | Mike Murphy | Manufacturing | GBP210,000.00 | 60 | 60 | 73640895-7 |
| 6 | Dalian Bingshan Ryosetsu Quick Freezing Equipment Co., Ltd. | Limited liabilities company | Industry | Dalian | Yamati Yashuhiro | Manufacturing | USD1,000,000.00 | 70 | 70 | 74787148-8 |
| 7 | Wuhan New World Refrigeration Industrial Co., Ltd. | Limited liabilities company | Industry | Wuhan | Wang Dekun | Manufacturing | RMB30,000,000.00 | 51 | 51 | 61640057-1 |

3、Joint venture and associate companies

| Name of the related parties | Relationship with the Company | Organization Code |
|--|-------------------------------|-------------------|
| Dalian Bingshan – P&A Recreation Development Engineering Co., Ltd. | Joint venture | 72600341-1 |
| Dalian Jiale Vending Machine Operation Co., Ltd. | Joint venture | 76079627-5 |
| Dalian Bingshan Engineering & Trading Co., Ltd. | Associated company | 72886492-8 |
| Dalian Grand Ocean Thermo King Transport Refrigeration Engineering Co., Ltd | Associated company | 60485722-4 |
| Dalian Sanyo Refrigeration Co., Ltd. | Associated company | 60480245-0 |
| Dalian Honjo Chemical Co., Ltd. | Associated company | 60483825-0 |
| Dalian Sanyo Cold-chain Co., Ltd | Associated company | 60481691-6 |
| Keinin-Grand Ocean Thermal Technology (Dalian) Co., Ltd. | Associated company | 60486851-3 |
| Dalian Sanyo Compressor Co., Ltd. | Associated company | 60482029-6 |
| Dalian Sanyo Meica Electronics Co., Ltd. | Associated company | 60482091-5 |
| Beijing Huashang Bingshan Refrigeration and Air-conditioning Machinery Co., Ltd. | Associated company | 74261540-X |
| Dalian Fuji Bingshan Vending Machine Co., Ltd. | Associated company | 75158208-0 |

For details, please refer to the 9 of the notes.

4、Other type of the related parties

| Name of the related parties | Relationship with the Company | Organization Code |
|---|---|-------------------|
| Dalian Bingshan Group Cold Drink Equipment Co., Ltd. | Subsidiary of Dalian Bingshan Group | 24239741-8 |
| Dalian Bingshan Group Refrigeration Equipment Co., Ltd. | Subsidiary of Dalian Bingshan Group | 11857056-X |
| Dalian Third Refrigeration Equipment Factory | Subsidiary of Dalian Bingshan Group | 11853975-7 |
| Dalian Bingshan Group Import & Export Co., Ltd. | Subsidiary of Dalian Bingshan Group | 72886492-8 |
| Beijing Bingshan Serial Refrigeration Equipment Co., Ltd. | Subsidiary of Dalian Bingshan Group | 80139721-2 |
| Dalian Bingshan Group Materials Trading Co., Ltd | Subsidiary of Dalian Bingshan Group | 74437418-7 |
| Dalian Spindle Cooling Towers Co., Ltd. | Affiliated company of Dalian Bingshan Group | 60487379-3 |
| Dalian Bingshan Metal Technology Co., Ltd. | Affiliated company of Dalian Bingshan Group | 76077536-X |
| Dalian Mahe Level Control Electrical Appliances Co., Ltd. | Affiliated company of Dalian Bingshan Group | 60486775-6 |
| Linde Engineering (Dalian) Co., Ltd. | Affiliated company of Dalian Bingshan Group | 77301721-8 |
| BAC Dalian Co., Ltd. | Affiliated company of Dalian Bingshan Group | 60492102-X |
| Linde Engineering (Hangzhou) Co., Ltd. | Affiliated company of Dalian Bingshan Group | 77356588-X |

5、 The transactions between the Company and the related parties

(1) Purchases of goods from related parties/ Sales of goods to related parties

| Name of the related parties | Item | Details of transaction | Rule of price setting | 2013.01-06 | | 2012.01-06 | |
|--|-----------|------------------------|-----------------------|---------------|--|---------------|--|
| | | | | Amount | Proportion of the same type transaction amount (%) | Amount | Proportion of the same type transaction amount (%) |
| Dalian Sanyo Refrigeration Co., Ltd. | Purchases | Purchases of goods | Market price | 1,395,275.86 | 0.44 | | |
| Dalian Sanyo Cold-chain Co., Ltd. | Purchases | Purchases of goods | Market price | 9,031,353.74 | 2.87 | 3,911,260.61 | 0.59 |
| Dalian Sanyo Compressor Co., Ltd. | Purchases | Purchases of goods | Market price | 659,584.42 | 0.21 | 1,729,316.36 | 0.26 |
| Dalian Bingshan Group Refrigeration Equipment Co., Ltd. | Purchases | Purchases of goods | Market price | 16,727,522.52 | 5.32 | 25,093,366.27 | 3.78 |
| Dalian Third Refrigeration Equipment Factory | Purchases | Purchases of goods | Market price | 4,993,403.71 | 1.59 | 6,579,617.42 | 0.99 |
| Dalian Spindle Cooling Towers Co., Ltd. | Purchases | Purchases of goods | Market price | 402,136.75 | 0.13 | 397,880.35 | 0.06 |
| BAC Dalian Co., Ltd. | Purchases | Purchases of goods | Market price | 37,487,747.00 | 11.91 | 25,299,951.70 | 3.81 |
| Dalian Bingshan Engineering & Trading Co., Ltd. | Purchases | Purchases of goods | Market price | 8,276,816.51 | 2.63 | 10,672,874.76 | 1.61 |
| Dalian Bingshan Group Materials Trading Co., Ltd. | Purchases | Purchases of goods | Market price | 2,753,364.26 | 0.87 | 2,129,367.84 | 0.32 |
| Dalian Bingshan Metal Technology Co., Ltd. | Purchases | Purchases of goods | Market price | 597,511.58 | 0.19 | 1,128,500.39 | 0.17 |
| Dalian Sanyo Refrigeration Co., Ltd. | Sales | Sales of goods | Market price | 6,355,878.88 | 0.80 | 18,472.05 | 0.002 |
| Dalian Sanyo Cold-chain Co., Ltd. | Sales | Sales of goods | Market price | 12,331,500.97 | 1.56 | 6,079,572.13 | 0.71 |
| Dalian Sanyo Compressor Co., Ltd. | Sales | Sales of goods | Market price | 1,703,435.03 | 0.22 | 3,896,475.10 | 0.46 |
| Dalian Bingshan Group Refrigeration Equipment Co., Ltd. | Sales | Sales of goods | Market price | 887,564.56 | 0.11 | 1,827,758.11 | 0.21 |
| Dalian Third Refrigeration Equipment Factory | Sales | Sales of goods | Market price | 1,695,097.85 | 0.21 | 4,072,537.01 | 0.48 |
| BAC Dalian Co., Ltd. | Sales | Sales of goods | Market price | 114,564.10 | 0.01 | | |
| Dalian Bingshan Engineering & Trading Co., Ltd. | Sales | Sales of goods | Market price | 43,533,748.55 | 5.50 | 61,826,093.68 | 7.26 |
| Beijing Bingshan Serial Refrigeration Equipment Co., Ltd. | Sales | Sales of goods | Market price | 5,747,454.71 | 0.73 | 235,854.70 | 0.03 |
| Beijing Huashang Bingshan Serial Refrigeration Equipment Co., Ltd. | Sales | Sales of goods | Market price | 12,913,205.37 | 1.63 | 497,102.36 | 0.06 |
| Dalian Fuji Bingshan Vending Machine Co., Ltd. | Sales | Sales of goods | Market price | 942,225.90 | 0.12 | 1,683,376.19 | 0.20 |
| Dalian Bingshan Metal Technology Co., Ltd. | Sales | Sales of goods | Market price | 51,500.34 | 0.01 | 75,625.64 | 0.01 |
| Dalian Sanyo High-Efficient Refrigeration System Co., Ltd. | Sales | Sales of goods | Market price | 262,339.21 | 0.03 | 547,259.10 | 0.06 |

(2) Leasing fees from related party

The Company signed an agreement with Dalian Bingshan Group Co., Ltd. to lease the floor space of 530 sq. m. in the office building to Dalian Bingshan Group Co., Ltd. with a lease term of 3 years at the annual rent of RMB 95,400.00 yuan. The income from lease for this year accounts for 0.94% of other business incomes.

The company signed an agreement with Dalian Bingshan – P&A Recreation Development Engineering Co., Ltd. to lease part of vacant rooms on the 11th floor of the office building to that company for one year with an annual rental 50,000.00 yuan. The income from lease for this year accounts for 0.49% of other business incomes.

(3) Guarantee with related companies

No.

6 Amounts due from/to related parties

(1) Notes receivable

| Name of the related parties | 30-06-2013 | 31-12-2012 |
|--|------------|---------------|
| Dalian Sanyo Compressor Co., Ltd. | | 1,210,373.56 |
| Dalian Bingshan Engineering & Trading Co., Ltd. | | 11,283,246.61 |
| Dalian Sanyo Refrigeration Co., Ltd. | 753,828.37 | |
| Dalian Sanyo High-Efficient Refrigeration System Co., Ltd. | 190,290.23 | |

(2) Accounts paid in advance

| Name of the related parties | 30-06-2013 | 31-12-2012 |
|-----------------------------------|------------|------------|
| Dalian Sanyo Compressor Co., Ltd. | 117,097.50 | 117,097.50 |
| Dalian Sanyo Cold-chain Co., Ltd. | 3,462.05 | 555.05 |
| BAC Dalian Co., Ltd. | 10,000.00 | 19,768.00 |

(3) Accounts receivable

| Name of the related parties | 30-06-2013 | | 31-12-2012 | |
|--|--------------|-------------------------|--------------|-------------------------|
| | Amount | Provision for bad debts | Amount | Provision for bad debts |
| Dalian Sanyo Compressor Co., Ltd. | 650,144.76 | 32,507.24 | 310,500.00 | 15,525.00 |
| Dalian Sanyo Refrigeration Co., Ltd. | 2,828,407.47 | 141,420.37 | 2,377,058.87 | 118,852.94 |
| Dalian Sanyo Cold-chain Co., Ltd. | 5,232,682.94 | 261,634.15 | 2,862,481.41 | 143,124.07 |
| BAC Dalian Co., Ltd. | 94,500.00 | 4,725.00 | 94,500.00 | 4,725.00 |
| Beijing Bingshan Serial Refrigeration Equipment Co., Ltd. | 1,608,404.37 | 80,420.22 | 20,976.00 | 1,048.80 |
| Dalian Bingshan – P&A Recreation Development Engineering Ltd. | 151,457.00 | 7,572.85 | 207,707.00 | 10,385.35 |
| Beijing Huashang Bingshan Refrigeration and Air-conditioning Machinery Co., Ltd. | 3,382,240.38 | 169,112.02 | 172,000.00 | 8,600.00 |
| Dalian Fuji Bingshan Vending Machine Co., Ltd. | 929,536.76 | 46,476.84 | 453,578.72 | 22,678.94 |
| Dalian Sanyo High-Efficient Refrigeration System Co., Ltd. | 204,604.33 | 10,230.22 | 174,023.55 | 8,701.18 |
| Dalian Bingshan Engineering & Trading Co., Ltd. | 669,183.66 | 33,459.18 | | |

(4) Other accounts receivable

| Name of the related parties | 30-06-2013 | | 31-12-2012 | |
|-----------------------------|------------|-------------------------|------------|-------------------------|
| | Amount | Provision for bad debts | Amount | Provision for bad debts |
| BAC Dalian Co., Ltd. | | | 30,000.00 | 3,000.00 |

(5) Notes payable

| Name of the related parties | 30-06-2013 | 31-12-2012 |
|---|------------|--------------|
| Dalian Bingshan Group Refrigeration Equipment Co., Ltd. | | 6,500,000.00 |
| BAC Dalian Co., Ltd. | 200,000.00 | 300,000.00 |
| Dalian Bingshan Group Materials Trading Co., Ltd. | 960,000.00 | 2,159,000.00 |
| Dalian Bingshan Engineering & Trading Co., Ltd. | | 6,447.00 |
| Dalian Bingshan Metal Technology Co., Ltd. | | 600,000.00 |

(6) Accounts payable

| Name of the related parties | 30-06-2013 | 31-12-2012 |
|---|---------------|---------------|
| Dalian Third Refrigeration Equipment Factory | | 436,239.54 |
| BAC Dalian Co., Ltd. | 26,277,396.22 | 13,504,237.95 |
| Dalian Bingshan Group Refrigeration Equipment Co., Ltd. | 8,463,937.54 | 4,534,454.95 |
| Dalian Sanyo Refrigeration Co., Ltd. | 13,000.00 | 13,000.00 |
| Dalian Sanyo Cold-chain Co., Ltd. | 10,872.41 | 9,516.00 |
| Dalian Sanyo Meica Electronics Co., Ltd. | 25,822.69 | 152,738.82 |
| Dalian Spindle Cooling Towers Co., Ltd. | | 453,403.00 |
| Dalian Bingshan Engineering & Trading Co., Ltd. | 337,777.93 | 844,109.45 |
| Dalian Sanyo Compressor Co., Ltd. | 551,066.00 | 106,102.09 |
| Dalian Bingshan Group Materials Trading Co., Ltd. | 810,251.34 | 175,641.03 |
| Dalian Bingshan Metal Technology Co., Ltd. | 499,088.53 | 108,154.23 |
| Beijing Bingshan Serial Refrigeration Equipment Co., Ltd. | 10,000.00 | |

(7) Accounts received in advance

| Name of the related parties | 30-06-2013 | 31-12-2012 |
|--|--------------|--------------|
| Dalian Bingshan Group Refrigeration Equipment Co., Ltd. | 8,415.30 | 8,415.30 |
| Dalian Sanyo Refrigeration Co., Ltd. | | 2,007,000.00 |
| Dalian Bingshan Engineering & Trading Co., Ltd. | 1,858,034.04 | 755,530.40 |
| Beijing Bingshan Serial Refrigeration Equipment Co., Ltd. | | 1,332,928.48 |
| Beijing Huashang Bingshan Refrigeration and Air-conditioning Machinery Co., Ltd. | | 2,710,239.92 |

(8) Other Accounts payable

| Name of the related parties | 30-06-2013 | 31-12-2012 |
|---|---------------|---------------|
| Dalian Bingshan Group Co., Ltd. | 10,541,125.25 | 10,518,303.62 |
| Dalian Third Refrigeration Equipment Factory | 1,000.00 | 1,000.00 |
| Dalian Bingshan Engineering & Trading Co., Ltd. | 129,359.61 | |

(9) Dividend payable

| Name of the related parties | 30-06-2013 | 31-12-2012 |
|---------------------------------|------------|------------|
| Dalian Bingshan Group Co., Ltd. | 950,000.00 | |

. Contingency

No.

. Commitments

No.

. Unadjusted events after the Balance Sheet Date

No.

. Other significant events

No.

Notes to the financial statements of the parent company

1 Accounts receivable

(1) Classified by account nature

| Category | 30-06-2013 | | | | 31-12-2012 | | | |
|---|----------------|----------------|-----------------------------|----------------|----------------|----------------|-----------------------------|----------------|
| | Balance | | Provision for doubtful debt | | Balance | | Provision for doubtful debt | |
| | Amount | Proportion (%) | Amount | Proportion (%) | Amount | Proportion (%) | Amount | Proportion (%) |
| Receivables that are individually significant | | | | | | | | |
| Receivables not individually significant but with high risk in groups | 242,147,469.61 | 100 | 63,622,730.35 | 26.28 | 233,497,736.50 | 100 | 59,972,692.36 | 25.69 |
| Other insignificant items | | | | | | | | |
| Total | 242,147,469.61 | 100 | 63,622,730.35 | 26.28 | 233,497,736.50 | 100 | 59,972,692.36 | 25.69 |

The aging of accounts receivable and related provisions for bad debts

| Ages | 30-06-2013 | | | 31-12-2012 | | |
|---------------|----------------|----------------|-------------------------|----------------|----------------|-------------------------|
| | Amount | Proportion (%) | Provision for bad debts | Amount | Proportion (%) | Provision for bad debts |
| Within 1 year | 92,884,227.98 | 38.36 | 4,644,211.39 | 93,951,629.41 | 40.23 | 4,697,581.47 |
| 1 to 2 years | 66,415,995.15 | 27.43 | 6,641,599.52 | 59,935,567.98 | 25.67 | 5,993,556.80 |
| 2 to 3 years | 30,661,596.67 | 12.66 | 9,198,479.00 | 22,646,684.27 | 9.70 | 6,794,005.28 |
| 3 to 4 years | 12,860,255.25 | 5.31 | 6,430,127.63 | 23,644,344.77 | 10.13 | 11,822,172.39 |
| 4 to 5 years | 13,085,408.77 | 5.40 | 10,468,327.02 | 13,270,668.25 | 5.68 | 10,616,534.60 |
| Over 5 years | 26,239,985.79 | 10.84 | 26,239,985.79 | 20,048,841.82 | 8.59 | 20,048,841.82 |
| Total | 242,147,469.61 | 100 | 63,622,730.35 | 233,497,736.50 | 100 | 59,972,692.36 |

(2) There is no receivables not individually significant but with high risk in groups during the report period.

(3) There is no receivable account of the Company that has been written off before this report period but recovered in this period.

(4) There is no accounts receivable being recovered by debts reconstruction during the report period.

(5) The write-off of accounts receivable

| Name of company | The nature of accounts receivable | Written off | Reason | Related party transaction |
|-----------------|-----------------------------------|--------------|--------|---------------------------|
| Clients (43) | Sale of goods | 3,723,228.30 | | No |

Description of writing off: The Company's receivables written-off in this reporting period were mainly those treated by the company for long-overdue receivables mainly because some account has been in arrears too long but the amount was relatively less, and some account was unreceivable due to the customer's refusing to pay with the excuse of generation of the field expenses.

(6) No arrearage from the shareholders holding over 5% (including 5%) of the equity of the Company existed in the balance of accounts receivable.

(7) The first five arrearage entities listed in the balance of accounts receivable

| Company | The relationship with the Company | Amount | Age | Proportion (%) |
|--|-----------------------------------|---------------|-----------------------------|----------------|
| COFCO Meat Food (Suqian) Co., Ltd. | Non-affiliated | 12,449,913.80 | Less than 1 year; 1-2 years | 5.14 |
| Dalian Xinghaiwan Development & Construction Management Center | Non-affiliated | 11,242,693.00 | 4-5 years | 4.64 |
| Yichang Sanxia Logistic Park Co., Ltd. | Non-affiliated | 6,018,375.00 | Less than 1 year | 2.49 |
| Dalian Jinyu New Energy Scientific & Technological Development Co., Ltd. | Non-affiliated | 5,500,000.00 | over 5 years | 2.27 |
| Zhengzhou Simian Food Co., Ltd. | Non-affiliated | 4,464,748.00 | Less than 1 year; 1-2 years | 1.84 |
| Total | | 39,675,729.80 | | 16.38 |

(8) The amount of accounts receivable due from related companies are RMB 4,922,556.66, 2.03% of total accounts receivable.

| Name | The relationship with the Company | Amount | Proportion of total accounts receivable (%) |
|--|-----------------------------------|--------------|---|
| Beijing Huashang Bingshan Refrigeration and Air-conditioning Machinery Co., Ltd. | Associated company | 3,159,240.38 | 1.30 |
| Dalian Sanyo Compressor Co., Ltd. | Associated company | 509,644.76 | 0.21 |
| Beijing Bingshan Serial Refrigeration Equipment Co., Ltd. | Subsidiary of Bingshan Group | 1,253,671.52 | 0.52 |
| Total | | 4,922,556.66 | 2.03 |

(9) There is no accounts receivable being ended reorganization or being negotiated during the reporting period.

2 Other accounts receivable

(1) Classified by account nature

| Item | 30-06-2013 | | | | 31-12-2012 | | | |
|---|--------------|----------------|-----------------------------|----------------|--------------|----------------|-----------------------------|----------------|
| | Balance | | Provision for doubtful debt | | Balance | | Provision for doubtful debt | |
| | Amount | Proportion (%) | Amount | Proportion (%) | Amount | Proportion (%) | Amount | Proportion (%) |
| Receivables that are individually significant | | | | | | | | |
| Receivables not individually significant but with high risk in groups | 8,317,595.55 | 100 | 1,010,742.43 | 12.16 | 7,139,241.12 | 100 | 1,046,519.70 | 14.66 |
| Other insignificant items | | | | | | | | |
| Total | 8,317,595.55 | 100 | 1,010,742.43 | 12.16 | 7,139,241.12 | 100 | 1,046,519.70 | 14.66 |

The ageing of other accounts receivable and related provisions for bad debts

| Ages | 30-06-2013 | | | 31-12-2012 | | |
|---------------|--------------|----------------|-------------------------|--------------|----------------|-------------------------|
| | Amount | Proportion (%) | Provision for bad debts | Amount | Proportion (%) | Provision for bad debts |
| Within 1 year | 5,686,144.93 | 68.36 | 284,307.25 | 3,581,828.76 | 50.17 | 179,091.44 |
| 1 to 2 years | 615,000.00 | 7.39 | 61,500.00 | 1,512,886.77 | 21.19 | 151,288.68 |
| 2 to 3 years | 1,716,450.62 | 20.64 | 514,935.18 | 1,535,506.07 | 21.51 | 460,651.82 |
| 3 to 4 years | 300,000.00 | 3.61 | 150,000.00 | 505,759.52 | 7.08 | 252,879.76 |
| 4 to 5 years | | | | 3,260.00 | 0.05 | 2,608.00 |
| Over 5 years | | | | | | |
| Total | 8,317,595.55 | 100 | 1,010,742.43 | 7,139,241.12 | 100 | 1,046,519.70 |

(2) There is no receivables not individually significant but with high risk in groups during the reporting period.

(3) There is no amount of provision for bad debts written back during the reporting period.

(4) During the reporting period, there is no other account receivable being recovered by debts reconstruction.

(5) During the reporting period, there is no other accounts receivable written-off.

(6) There is no balance of other accounts receivable due from the shareholders holding over 5% (including 5%) of the equity of the Company.

(7) The first five arrearage entities of other accounts receivable

| Company | The relationship with the Company | Amount | Age | Proportion (%) |
|---|-----------------------------------|--------------|------------------|----------------|
| Xining Nongshang Investment Construction Development Management Co., Ltd. | Non-affiliated | 1,432,000.00 | 2-3 years | 17.21 |
| Nanjing Qingjiang Cold Chain Logistics Co., Ltd. | Non-affiliated | 900,000.00 | Less than 1 year | 10.82 |
| CATIC International Economic & Trade Development Co., Ltd. | Non-affiliated | 550,000.00 | Less than 1 year | 6.61 |
| Jiangxi Alkaline Industry Co., Ltd. | Non-affiliated | 300,000.00 | 3-4 years | 3.61 |
| Dalian Economic & Technological Development Zone Fund Accounting Center for Organs and Institutions | Non-affiliated | 265,950.62 | 2-3 years | 3.20 |
| Total | | 3,447,950.62 | | 41.45 |

(8) There was no amount of other accounts receivable due from related companies at the end of the period.

(9) There is no other accounts receivable being ended reorganization or being negotiated during the reporting period.

3 Long-term equity investments

(1) Details of long-term equity investments

| No. | Name | Calculation method | Initial cost | Beginning balance | Changes | Ending balance | Shareholding (%) | Voting right (%) | Provision for impairment | Provision for impairment of the current period | Cash dividend of the current period |
|-----|---|--------------------|----------------|-------------------|---------------|----------------|------------------|------------------|--------------------------|--|-------------------------------------|
| 1 | Dalian Bingshan – P&A Recreation Development Engineering Co., Ltd. | Equity method | 1,034,675.00 | 3,229,074.38 | -330,100.26 | 2,898,974.12 | 50 | 50 | | | |
| 2 | Dalian Jiale Vending Machine Operation Co., Ltd. | Equity method | 18,750,000.00 | 14,668,101.42 | -334,917.83 | 14,333,183.59 | 50 | 50 | | | |
| 3 | Dalian Bingshan Engineering & Trading Co., Ltd. | Equity method | 7,200,000.00 | 12,435,737.30 | 824,130.97 | 13,259,868.27 | 24 | 24 | | | |
| 4 | Dalian Grand Ocean Thermo King Transport Refrigeration Engineering Co., Ltd | Equity method | 2,871,708.00 | 2,154,532.01 | 0.00 | 2,154,532.01 | 40 | 40 | | | |
| 5 | Dalian Sanyo Refrigeration Co., Ltd. | Equity method | 85,416,929.20 | 151,488,491.18 | -4,651,339.02 | 146,837,152.16 | 40 | 40 | | | 4,800,000.00 |
| 6 | Dalian Honjo Chemical Co., Ltd. | Equity method | 3,908,911.50 | 9,398,455.84 | -710,369.65 | 8,688,086.19 | 30 | 30 | | | 1,197,604.02 |
| 7 | Dalian Sanyo Cold-chain Co., Ltd | Equity method | 134,658,753.75 | 216,645,866.64 | -3,823,219.64 | 212,822,647.00 | 40 | 40 | | | 8,000,000.00 |
| 8 | Keinin-Grand Ocean Thermal Technology (Dalian) Co., Ltd. | Equity method | 24,402,234.58 | 41,365,239.20 | -6,241,191.00 | 35,124,048.20 | 20 | 20 | | | 10,800,000.00 |

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| No. | Name | Calculation method | Initial cost | Beginning balance | Changes | Ending balance | Shareholding (%) | Voting right (%) | Provision for impairment | Provision for impairment of the current period | Cash dividend of the current period |
|-----|--|--------------------|----------------|-------------------|--------------|----------------|------------------|------------------|--------------------------|--|-------------------------------------|
| 9 | Dalian Sanyo Compressor Co., Ltd. | Equity method | 176,953,841.88 | 348,546,951.11 | 6,848,034.91 | 355,394,986.02 | 40 | 40 | | | 24,400,000.00 |
| 10 | Dalian Sanyo Meica Electronics Co., Ltd. | Equity method | 9,649,590.00 | 27,308,958.46 | -110,176.59 | 27,198,781.87 | 30 | 30 | | | |
| 11 | Dalian Sanyo Home Appliance Co., Ltd. | Equity method | 19,666,212.00 | 11,694,400.00 | 0.00 | 11,694,400.00 | 10.91 | 10.91 | 11,694,400.00 | | |
| 12 | Beijing Huashang Bingshan Refrigeration and Air-conditioning Machinery Co., Ltd. | Equity method | 490,000.00 | 905,958.67 | 11,100.94 | 917,059.61 | 49 | 49 | | | |
| 13 | Dalian Fuji Bingshan Vending Machine Co., Ltd. | Equity method | 66,416,364.00 | 70,052,012.69 | 2,792,481.55 | 72,844,494.24 | 49 | 49 | | | |
| 14 | Dalian Sanyo High-Efficient Refrigeration System Co., Ltd. | Equity method | 20,000,000.00 | 21,758,867.90 | 98,576.11 | 21,857,444.01 | 25 | 25 | | | |
| 15 | Zibo Electric Traction Machine Co., Ltd. | Cost method | 420,000.00 | 420,000.00 | | 420,000.00 | 0.76 | 0.76 | 420,000.00 | | |
| 16 | Liaoning Mec Group Co., Ltd. | Cost method | 1,020,000.00 | 1,020,000.00 | | 1,020,000.00 | 3.57 | 3.57 | | | 500,000.00 |
| 17 | Guotai Junan Securities Co., Ltd. | Cost method | 30,098,895.00 | 30,098,895.00 | | 30,098,895.00 | 0.49 | 0.49 | 1,582,164.89 | | |
| 18 | Guotai Junan Investment Management Co., Ltd. | Cost method | 3,057,316.00 | 3,057,316.00 | | 3,057,316.00 | 0.22 | 0.22 | 2,688,605.91 | | |
| 19 | Thermo King Container Temperature Control (Suzhou) Co., Ltd. | Cost method | 11,207,806.00 | 11,207,806.00 | | 11,207,806.00 | 17.8 | 17.8 | | | |
| 20 | Liaoning Enterprises United Industry Co., Ltd. | Cost method | 105,000.00 | 105,000.00 | | 105,000.00 | 4.2 | 4.2 | 105,000.00 | | |
| 21 | Dalian Bingshan Group Materials Trading Co., Ltd. | Cost method | 250,000.00 | 250,000.00 | | 250,000.00 | 5 | 5 | | | |
| 22 | Dalian Bingshan Group Refrigeration Installation Co., Ltd. | Cost method | 20,036,841.62 | 20,036,841.62 | | 20,036,841.62 | 100 | 100 | | | |
| 23 | Dalian Bingshan Group Sales Company | Cost method | 16,200,000.00 | 16,200,000.00 | | 16,200,000.00 | 90 | 90 | | | |
| 24 | Dalian Bingshan Metal Processing Co., Ltd. | Cost method | 12,501,344.60 | 12,501,344.60 | | 12,501,344.60 | 64.25 | 64.25 | | | |
| 25 | Dalian Bingshan Air-Conditioning Equipment | Cost method | 36,506,570.00 | 36,506,570.00 | | 36,506,570.00 | 70 | 70 | | | |

| No. | Name | Calculation method | Initial cost | Beginning balance | Changes | Ending balance | Shareholding (%) | Voting right (%) | Provision for impairment | Provision for impairment of the current period | Cash dividend of the current period |
|-------|---|--------------------|----------------|-------------------|---------------|------------------|------------------|------------------|--------------------------|--|-------------------------------------|
| | Co., Ltd. | | | | | | | | | | |
| 26 | Dalian Bingshan Guardian Automation Co., Ltd. | Cost method | 1,522,117.80 | 1,522,117.80 | | 1,522,117.80 | 60 | 60 | | | 2,263,205.11 |
| 27 | Dalian Bingshan Ryosetsu Quick Freezing Equipment Co., Ltd. | Cost method | 5,745,097.40 | 5,745,097.40 | | 5,745,097.40 | 70 | 70 | | | |
| 28 | Wuhan New World Refrigeration Industrial Co., Ltd. | Cost method | 17,980,400.00 | 17,980,400.00 | | 17,980,400.00 | 51 | 51 | | | 2,550,000.00 |
| 29 | Wuhan New World Refrigeration Air Conditioner Engineering Co., Ltd. | Cost method | 400,000.00 | 400,000.00 | | 400,000.00 | 5 | 100 | | | |
| Total | | | 728,470,608.33 | 1,088,704,035.22 | -5,626,989.51 | 1,083,077,045.71 | | | 16,490,170.80 | | 54,510,809.13 |

(2) Listed with kinds of long term investment :

| Item | 30-06-2013 | 31-12-2012 |
|--|------------------|------------------|
| Subsidiaries | 110,892,371.42 | 110,892,371.42 |
| Associates | 897,099,099.58 | 902,061,071.00 |
| Joint venture | 17,232,157.71 | 17,897,175.80 |
| Other long-term equity investments | 57,853,417.00 | 57,853,417.00 |
| Total | 1,083,077,045.71 | 1,088,704,035.22 |
| Less: Provision for impairment of long-term equity investments | 16,490,170.80 | 16,490,170.80 |
| Net | 1,066,586,874.91 | 1,072,213,864.42 |

(3) Provision for impairment on long-term equity investment

| Name of invested company | 30-06-2013 | 31-12-2012 |
|--|---------------|---------------|
| Guotai Junan Securities Co., Ltd. | 1,582,164.89 | 1,582,164.89 |
| Guotai Junan Investment Management Co., Ltd. | 2,688,605.91 | 2,688,605.91 |
| Liaoning Enterprises United Industry Co., Ltd. | 105,000.00 | 105,000.00 |
| Dalian Sanyo Home Appliance Co., Ltd. | 11,694,400.00 | 11,694,400.00 |
| Zibo Electric Traction Machine Co., Ltd. | 420,000.00 | 420,000.00 |
| Total | 16,490,170.80 | 16,490,170.80 |

4 Revenue and cost of sales

(1) Business income and cost

| Items | 2013.01-06 | 2012.01-06 |
|-----------------------|----------------|----------------|
| Operating income | 485,112,570.51 | 505,055,917.77 |
| Key business income | 476,890,717.26 | 493,081,985.13 |
| Other business income | 8,221,853.25 | 11,973,932.64 |
| Operating cost | 389,637,758.36 | 410,724,964.56 |
| Key business cost | 382,481,578.43 | 398,810,722.34 |
| Other business cost | 7,156,179.93 | 11,914,242.22 |

(2) Key business (type)

| Name of type | 2013.01-06 | | 2012.01-06 | |
|---------------|----------------|----------------|----------------|----------------|
| | Revenue | Cost | Revenue | Cost |
| Manufacturing | 476,890,717.26 | 382,481,578.43 | 493,081,985.13 | 398,810,722.34 |

(3) Key business (product)

| Name of product | 2013.01-06 | | 2012.01-06 | |
|--------------------------|----------------|----------------|----------------|----------------|
| | Revenue | Cost | Revenue | Cost |
| Refrigeration equipments | 476,890,717.26 | 382,481,578.43 | 493,081,985.13 | 398,810,722.34 |

(4) Key business (region)

| Name of region | 2013.01-06 | | 2012.01-06 | |
|---------------------|----------------|----------------|----------------|----------------|
| | Revenue | Cost | Revenue | Cost |
| North-east of China | 476,890,717.26 | 382,481,578.43 | 493,081,985.13 | 398,810,722.34 |

(5) Top five customers

| Name | Revenue | Percentage of total business income (%) |
|--|----------------|---|
| Dalian Bingshan Engineering & Trading Co., Ltd. | 39,020,551.28 | 8.04 |
| China PLA No. 63820 Troop 099 Project Command Office | 23,931,623.93 | 4.93 |
| Huanghai Ship-building Co., Ltd. Shandong Province | 18,506,564.10 | 3.82 |
| Sichuan Tianlun Tanxiangluo Food Co., Ltd. | 12,393,162.39 | 2.56 |
| Beijing Huashang Bingshan Refrigeration and Air-conditioning Machinery Co., Ltd. | 12,041,410.50 | 2.48 |
| Total | 105,893,312.20 | 21.83 |

5 Gain/ (loss) from investments

(1) Category

| Item | 2013.01-06 | 2012.01-06 |
|---|---------------|---------------|
| Gain arising from dividends of subsidiaries | 5,313,205.11 | 6,537,220.05 |
| Long-term equity investment income accounted for by using the equity method | 43,570,614.51 | 44,944,226.71 |
| Investment income due to disposal of the equity of associated company | | 26,001.99 |
| Total | 48,883,819.62 | 51,507,448.75 |

(2) Gain arising from dividends of subsidiaries

| Name of invested company | 2013.01-06 | 2012.01-06 | Reason of changes |
|--|--------------|--------------|-----------------------------|
| Liaoning Mec Group Co., Ltd. | 500,000.00 | | Dividend distributed |
| Dalian Bingshan Air-Conditioning Equipment Co., Ltd. | | 2,450,000.00 | Board of directors not held |
| Dalian Bingshan Guardian Automation Co., Ltd. | 2,263,205.11 | 1,537,220.05 | More distributed dividend |
| Wuhan New World Refrigeration Industrial Co., Ltd. | 2,550,000.00 | 2,550,000.00 | |
| Total | 5,313,205.11 | 6,537,220.05 | |

(3) Long-term equity investment income accounted for by using the equity method

| Name of invested company | 2013.01-06 | 2012.01-06 | Reason of changes |
|--|---------------|---------------|-----------------------------|
| Dalian Sanyo Refrigeration Co., Ltd. | 148,660.98 | 1,060,880.35 | Decrease of business profit |
| Dalian Sanyo Cold-chain Co., Ltd. | 4,176,780.36 | 10,957,088.27 | Decrease of business profit |
| Keinin-Grand Ocean Thermal Technology (Dalian) Co., Ltd. | 4,558,809.00 | 7,669,105.73 | Decrease of business profit |
| Dalian Sanyo Compressor Co., Ltd. | 31,248,034.91 | 18,328,875.46 | Increase of business profit |
| Dalian Bingshan Engineering & Trading Co., Ltd. | 824,130.97 | 1,095,725.94 | Decrease of business profit |
| Dalian Grand Ocean Thermo King Transport Refrigeration Engineering Co., Ltd. | | -236,660.09 | In liquidation |
| Dalian Honjo Chemical Co., Ltd. | 487,234.37 | 704,305.89 | Decrease of business profit |
| Dalian Sanyo Meica Electronics Co., Ltd. | -110,176.59 | 1,250,275.22 | Decrease of business profit |
| Beijing Huashang Bingshan Refrigeration and Air-conditioning Machinery Co., Ltd. | 11,100.94 | 30,430.07 | Decrease of business profit |
| Dalian Fuji Bingshan Vending Machine Co., Ltd. | 2,792,481.55 | 5,080,150.27 | Decrease of business profit |
| Dalian Sanyo High-Efficient Refrigeration System Co., Ltd. | 98,576.11 | -608,048.93 | Increase of business profit |
| Dalian Bingshan - P&A Recreation Development Engineering Co., Ltd. | -330,100.26 | -236,957.37 | Decrease of business profit |
| Dalian Jiale Vending Machine Operation Co., Ltd. | -334,917.83 | -150,944.10 | Decrease of business profit |
| Total | 43,570,614.51 | 44,944,226.71 | |

(4) There was no severe constrict on the collection of the investment earnings.

6、 Supplementary information of cash flow statement

| Supplementary information | 2013.01-06 | 2012.01-06 |
|---|----------------|-----------------|
| 1. Reconciliation from the net profit to the cash flows from operating activities | | |
| Net profit | 63,288,641.95 | 65,100,553.12 |
| Add: Provisions for assets impairment | 7,337,489.02 | 7,563,076.64 |
| Depreciation of fixed assets | 11,301,660.09 | 10,113,983.87 |
| Amortization of intangible assets | 1,326,553.77 | 1,270,594.62 |
| Amortization of long-term deferred expenses | 70,224.67 | 60,473.82 |
| Losses on disposal of fixed assets, intangible assets and other long-term assets (gains, -) | | |
| Losses on scrapping of fixed assets (gains, -) | | 321.27 |
| Losses on variation of fair value (gains, -) | | |
| Finance expenses (income, -) | -119,335.70 | 92,165.31 |
| Investment losses (gains, -) | -48,883,819.62 | -51,507,448.75 |
| Decrease in deferred tax assets (increase, -) | -1,834,372.26 | -1,890,769.16 |
| Increase in deferred tax liabilities (decrease, -) | | |
| Decrease in inventory (increase, -) | 27,004,267.11 | 45,350,870.65 |
| Decrease in operating receivables (increase, -) | -48,593,335.99 | -48,212,493.64 |
| Increase in operating payables (decrease, -) | -4,471,548.27 | -128,596,217.47 |
| Others | | |

| | | |
|--|----------------|-----------------|
| Net cash flows from operating activities | 6,426,424.77 | -100,654,889.72 |
| 2. Investing and financing activities that do not involve cash receipts and payments | | |
| Conversion of debt into capital | | |
| Convertible bonds to be expired within one year | | |
| Fixed assets under finance lease | | |
| 3. Net increase in cash and cash equivalents | | |
| Cash at the end of the period | 398,052,941.34 | 389,182,297.39 |
| Less: Cash at the beginning of the period | 437,725,268.74 | 585,557,597.61 |
| Plus: Cash equivalents at the end of the period | | |
| Less: Cash equivalents at the beginning of the period | | |
| Net increase in cash and cash equivalents | -39,672,327.40 | -196,375,300.22 |

• Other supplementary Information

1 Non-recurring profits and losses

| Non-recurring gains and losses item | 2013.01-06 | 2012.01-06 |
|--|--------------|--------------|
| 1. Gain/loss from disposal of non-current assets | 18,357.21 | -178,586.55 |
| 2. Tax return or exemption exceeding authority or without formal authorization documents | | |
| 3. Governmental subsidy written into current gains and losses | 20,300.00 | 10,500.00 |
| 4. Interest from non-financial enterprises written into current gains and losses | | |
| 5. Gains/Losses on debt restructuring | | |
| 6. Reversal of provision for impairment of long-term assets | | |
| 7. Investment income due to disposal of the available-for-sale financial assets | | |
| 8. Other net income and expense from non-operation | 3,586,025.90 | 4,541,677.98 |
| | | |
| Total | 3,624,683.11 | 4,373,591.43 |
| Less : Affected amount of income tax from non-recurring gains and losses | 915,792.50 | 1,038,778.19 |
| Non-recurring gains and losses, net | 2,708,890.61 | 3,334,813.24 |
| Included: Attributable to minority interest | -31,266.02 | 218,761.87 |
| Attributable to parent company | 2,740,156.63 | 3,116,051.37 |

2 Earnings per share

| Item | The weighted average ROE (%) | EPS | |
|---|------------------------------|-----------|-------------|
| | | Basic EPS | Diluted EPS |
| Net profit attributable to the Company's ordinary shareholders | 3.61 | 0.19 | 0.19 |
| Net profit attributable to the Company's ordinary shareholders after deducting non-recurring gains and losses | 3.45 | 0.18 | 0.18 |

、 Details and reasons for the special change of the financial statements items

1、 The special change items of balance sheet

| Items of balance sheet | 2013.06.30 | 2012.12.31 | Change Ratio (%) | Reasons |
|---------------------------------|---------------|---------------|---------------------|---|
| Notes receivable | 68,824,431.79 | 41,966,544.97 | 64.00 | The payments for goods transferred and paid by endorsement on notes decreased in the report period |
| Account paid in advance | 49,737,317.72 | 31,249,976.50 | 59.16 | The payments for projects, purchases prepaid in the report period increased |
| Interest receivable | 1,317,009.71 | 277,444.44 | 374.69 | The term deposits in the report period increased with more interests |
| Dividend receivable | 37,200,000.00 | 39,025.00 | 95,223.51 | The dividends announced for distribution by the invested units did not arrive in the payment period |
| Project in construction | 9,387,482.08 | 1,304,951.56 | 619.37 | The performance laboratory reconstruction of the company was not completed in the report period |
| Short-term borrowings | 39,500,000.00 | 29,500,000.00 | 33.90 | Short-term loans increased in subsidiaries in the report period |
| Employee's compensation payable | 35,402,187.11 | 64,384,750.97 | -45.01 | Subsidiaries paid the year-end bonus for the last year in the report period |
| Dividend payable | 2,983,156.00 | 533,156.00 | 459.53 | The unexpired payable dividends increased in the subsidiaries in the report period |
| Tax payable | 12,984,937.86 | 620,179.66 | 1993.74 | The taxable income amount increased in the report period |

Section 9 Contents of Reference Documents

1. The accounting statements bearing the signatures and seals of the legal representative, the financial majordomo and the accountants in charge.
2. The original copies of all the Company's documents and the original copies of the bulletins published on the newspapers designated by the China Securities Regulatory Commission in the report period.

Board of Directors of Dalian Refrigeration Company Limited

August 20, 2013