



Dalian Refrigeration Co., Ltd.
2014 Annual Report

April, 2015

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 profit distribution proposal reviewed and adopted at this Board meeting of the Company is: to take the total share capital of the Company of 360,164,975 shares, which is after completion of granting restricted stock as the base number and pay to all shareholders the cash dividend of 1.5 yuan (inclusive the tax) and 0 bonus shares per 10 shares, without capital reserve to be converted into share capital.

Chairman of the Board of Directors of the Company Mr. Ji Zhijian, Financial Majordomo Mrs. Rong Yan and the head of Accounting Department Mrs. Mao Chunhua hereby confirm that the financial report of the 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, 2014 to Dec. 31, 2014
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.
Bingshan Guardian		Dalian Bingshan Guardian Automation Co., Ltd., one of the controlled subsidiaries of this Company, where the Company holds 60% 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, and rename to Panasonic Compressor (Dalian) Co., Ltd now.
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, and rename to Panasonic Cold-chain (Dalian) Co., Ltd now.
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, and rename to Panasonic Refrigeration (Dalian) Co., Ltd now.
Dalian Fuji-Bingshan	Stands for	Dalian Fuji-Bingshan Vending Machine Co., Ltd., one of the mutual shareholding companies of this Company, where the Company holds 49% of its shares.
Keihin Grand-Ocean	Stands for	Keihin Grand-Ocean Cooling & Heating Industry (Dalian) Co., Ltd., one of the mutual shareholding companies with this Company, where the Company holds 20% of its shares.
MHI Bingshan		MHI Bingshan Refrigeration (Dalian) Co., Ltd., one of the mutual shareholding companies with this Company, where the Company holds 45% of its shares.
Screw compressor in new series	Stands for	A compressor with adjustable volumetric ratio to ensure the compressor set in energy saving condition throughout the year.
Scroll compressor	Stands for	A high-efficiency and energy-saving full-hermetic compressor using advanced technology
PDM	Stands for	The Product Data Management system, a technology managing all information and processes relating to products to provide information management in the whole life of product and establish a parallel collaborative environment for product design and manufacture within the enterprise.
ERP	Stands for	The Enterprise Resource Planning system, a enterprise information management system oriented to manufacturing industries for the integration management of material resources, financial resources and information resources.

Notice about Significant Risks

There is no significant risk having adverse influence on attainment of the Company's future development strategy and business targets. The paragraph "Development Prospect of the Company" in Section 4 of this Annual Report describes major risks the Company may be confronted with, including the risk of fiercer industrial competition, and the risk of backward production equipment and process flow. See the related sections for the countermeasures to be taken by the Company.

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
Legal English name and abbreviation	Dalian Refrigeration Co., Ltd. DRC
Legal representative	Ji Zhijian
Registered address and office address	888 Xinan Road, Shahekou District, Dalian
Post code	116033
Internet web site of the Company	www.daleng.cn
E-mail of the Company	000530@bingshan.com

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 & Legal Affairs Department, No. 888, Xinan Road, Shahekou District, Dalian	DALENG GUFEN Securities & Legal Affairs 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. Information disclosure and place of preparation for inquiry

Name of the newspaper designated by the Company for information disclosure	China Securities Daily and Hong Kong Commercial Daily
Address of the website designated by China Securities Regulatory Commission for publishing this Annual Report	http://www.cninfo.com.cn
Place where this Annual Report was prepared for inquiry	Securities & Legal Affairs Department of the Company

IV. Alteration to the registration

	Registration date	Registration place	Registered number of Business License of the Corporate Legal Entity	Registered number for taxation	Organization code
Initial registration	Dec. 18, 1993	No. 888, Xinan Road, Shahekou District, Dalian	2102001100326	DA GUO, DI SHA (ZHI) 210204242361300	24236130-0
Registration at the end of the reporting period	Mar. 31, 2014	No. 888, Xinan Road, Shahekou District, Dalian	210200000266757	DA GUO, DI SHA (ZHI) 210204242361300	24236130-0
Change in registration	On Mar. 31, 2014, under examination and ratification of Dalian Industrial & Commercial Administration Bureau, the legal representative of the company was				

	changed from Xiao Yongqin to Ji Zhijian.
Change in main business since the Company was listed	No change
Changes in the holding shareholder	No change

V. Other related information

Accounting firm engaged by the Company

Name of accounting firm	Da Hua Certified Public Accountants (Special General Partnership)
Office location of accounting firm	12/F, 7th Building No., 16 Xi Si Huan Zhong Road, HaiDian District Beijing, China
Name of signing certified public accountant	Yang Yingjin , Wang Shuhuan

Sponsor the Company appointed for performance of the consistent supervision duty in the reporting period

Applicable Not applicable

Financial consultant the Company appointed for performance of the consistent supervision duty in the reporting 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

item	2014	2013		Increase/decrease compared with previous year (%)	2012
		Before adjustment	After adjustment	After adjustment	
Operating revenue	1,425,715,596.96	1,535,706,911.25	1,535,706,911.25	-7.16%	1,521,979,266.15
Net profit attributable to shareholders of listed companies	115,439,722.39	153,006,057.13	153,006,057.13	-24.55%	117,142,066.15
Net profit belonging to the shareholders of listed companies after the deduction of non-recurring profit and loss	105,435,245.61	121,207,821.52	121,207,821.52	-13.01%	123,788,117.10
Net cash flow from operating activities	28,495,772.47	7,630,456.44	7,630,456.44	273.45%	-66,860,885.98
Basic earning per share	0.33	0.44	0.44	-25.00%	0.33
Diluted earnings per share	0.33	0.44	0.44	-25.00%	0.33
Weighted average return on net asset yield	5.98%	8.27%	8.27%	Decrease 2.29 percentage points	6.63%
	At the end of 2014	At the end of 2013		Increase/decrease compared with previous year (%)	At the end of 2012
		Before adjustment	After adjustment	After adjustment	
Total assets	3,053,930,248.25	2,967,390,234.89	2,967,390,234.89	2.92%	2,937,190,656.69
Owner's equity attributable to shareholders of listed companies	1,967,027,256.13	1,907,018,190.46	1,907,018,190.46	3.15%	1,808,800,737.71

Did the share capital of the company changed because of issuing new shares, raising equity, rationing shares, the equity incentive vesting, repurchase and affected the shareholder's equity

Yes No

Earnings per share calculated by the latest share capital (yuan/share)	0.3205
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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	2014	2013	2012
Disposal gains and losses of non-current asset	138,673.21	33,844,950.09	-22,341,252.74
Tax returned/reduced by chance	441,073.42	905,596.59	
Government subsidies included in current profit or loss	10,166,256.56	7,290,805.05	13,090,280.89
Disposal gains from investments on financial assets available for sale	36,617.40		
Other non-operating revenue or expense	1,594,812.69	1,121,112.19	1,097,771.60
Influence on income tax	2,021,019.49	10,592,590.74	-2,218,545.09
Influence on minority shareholders	351,937.01	771,637.57	711,395.79
Influence on net profit	10,004,476.78	31,798,235.61	-6,646,050.95

Section 4 Board of Directors' Report

I. Summary

The Company, as the largest industrial refrigeration equipment production enterprise in China, is committed to developing the business of industrial refrigeration, food freezing and cold storage, central and commercial air-conditioning, refrigeration components and engineering service, have covered the key areas of the refrigeration industrial chain and forged the most complete cold and hot industrial chain in China.

In face of lots of unfavorable factors in 2014, the Company focused on operation principle as “Leading Innovation, Creating Value”, took the initiative actively, adhered to a down-to-earth working style, accelerated the optimization and upgrading of industrial structure, increased the intensity of technical innovation, laid a high emphasis on resources integration inside and business model innovation, leaned management, perfected salary system, implemented equity incentive, strengthened the management of cash flow, and avoided operating risks. Centered the employees internal, centered customers external, created value for customers and shareholders, and enhanced well-being for the employees.

In 2014, the Company made the sales income of 1,425.72 million Yuan, accounting for 84.36% of 1,690 million Yuan of the Company's annual business indicator for 2014, with a year-on-year decrease of 7.16%. The main reason for not completing the annual plan of the Company was as follow. Affected by the scant demand for domestic steel, petrochemical, cement, coal and other industries, the orders from industrial refrigeration and general petrochemical equipment decreased significantly, and industry competition caused the price of contract which entry into force significantly lower. The total amount of profit decreased significantly with a year-on-year basis, and the main reason was the warehousing land use right of the Company was collected and stored in 2013 which generated income of 41.76 million yuan.

In reporting period, in the face of serious market situation from industrial refrigeration and petrochemical equipment, the Company concentrated on seizing the cold-chain logistics, perfecting the integrated solutions for cold-chain logistics, and the first CO₂ frozen and refrigerated project order has been signed successfully with almost one hundred million Yuan, which filled the gaps in the market of CO₂ of the Company.

In reporting period, the mechanism of the Company was simplified, and operating efficiency was improved through adjusting institutional framework and promoting measures of new operation mechanism. The group strength was coagulated due to the first phase of stock option incentive, and strived to create a community interests of the enterprise, shareholders and employees.

In reporting period, the Company strengthened the management of cash flow. Through checking warehouse and inventory, revitalized the funds, and reduced inventory occupation of funds. With the intensity of clearing up defaults, avoided the operating risk.

In reporting period, the Company actively promoted the PDM and ERP information construction, construction of the new performance lab work orderly. Aimed at ammonia refrigeration project safety improvement, the Company researched and developed modular equipment of cold storage for the transformation of ammonia. Researched and developed independently light efficient oil screw refrigeration compressor, which held the domestic leading position. The self-developed “Multi-function ice tunnel and loop cooling system” has passed the appraisal in provincial level, which was free out of the hardware constraints of wind tunnel test facilities, and satisfied

technology needs of R&D in aspect of domestic aviation and space industry.

In reporting period, the Company integrated resources with remarkable results. The Company established a unified platform for the procurement of bulk materials, and reduced the cost of procurement. The Company actively integrated the sales and market resources of parent company and main subsidiary Wuhan New World Refrigeration. The market influence, competitiveness and service ability of the Company would be further promoted via unity marketing. The Company purchased the foreign equity of Dalian Bingshan Metal Processing Co., Ltd., made it become a wholly owned subsidiary of the Company, expanded its scope of business, and enhanced its processing ability.

In reporting period, the Company actively created business model, funded the controlling subsidiary – Bingshan Technology Service (Dalian) Co., Ltd. in order to offer specialized integrated service for the clients. After-sale service, maintenance service, energy-saving & safety service and accessories service were separated from current business for operation independently, which was conducive to improve service system of the Company and met the needs of market competition in the future.

In reporting period, subsidiary Wuhan New World Refrigeration innovated new production organize way, formulated four assembly lines of compressor assembly, heat exchanger, small container and small unit assembly.

In reporting period, subsidiary Bingshan Guardian developed SCADA remote monitoring system based on the Internet of Things, and applied to project of Chongqing Mingpinfu, providing reliable refrigeration equipment field operation data rapidly for the client.

In reporting period, associated company Dalian Sanyo Compressor renamed Panasonic Compressor (Dalian) Co., Ltd. With maintaining the traditional customers for improving the market shares, seized the market of electric motor coach compressors for air-conditioner, and developed industry leader as BYD and Auria. The scroll compressor overseas sales broke 400,000. Research & development of the new compressor cylinder diameter and new specs DC inverter compressor were pushed forward.

In reporting period, associated company Dalian Sanyo Cold-Chain renamed Panasonic Cold-Chain (Dalian) Co., Ltd. With consolidating the market share of supermarket and business kitchen, actively promoted the integrated solutions for technology of environmental protection, and earned new clients in aspect of drinks business and low-temperature logistics. Researched and developed new products as the picked-up cabinet of refrigerated fress delivery, mini low-temperature logistics box, cube-shaped glass showcase and high-energy efficiency frequency conversion commercial freezer which satisfied market requirements and led the market fashion.

In reporting period, associated company Dalian Sanyo Refrigeration renamed Panasonic Refrigeration (Dalian) Co., Ltd. Surrounded by hot topics of energy-saving & emission reduction, waste heat utilization and cleaner energy technologies, energetically marketing two pillar products as central and commercial air-conditioning. In Kempinski Hotel, located in Yanqihu Beijing, successful implemented the combined cooling heating and power, created a distributed energy sources typical project. Completed the lab construction of 80 HP enthalpy potential, and met the needs of development and testing for large horsepower new products.

In reporting period, associated company Dalian Fuji Bingshan, on a basis of guarantee stable development in

operator markets, aggressively expanded into beverage producer market; newly developed many new clients as Nong Fu Spring and New Hope Group besides market of Coca-Cola and Master Kong. And the sales broke 15,000 records with y-o-y growth dramatically in sales revenue. Centre on variety payment ways of the vending machine, improved product seriation, the new researched CO₂ refrigerant cold&hot drinks automatic vending machine passed the Coca-Cola's global certification.

In reporting period, associated company Keinin-Grand Ocean completed the rectifying reform for production No.1 line and No. 2 line, products RTY improved markedly, and daily output boost into over 5,000. Foshan branch began producing many kinds of condenser and evaporator.

In reporting period, associated company MHI Bingshan was set to open on December 17th, and the first centrifugal refrigerator officially off-line.

II. Analysis of main business

1. Summary

In 2014, the Company made the sales income of 142,572 million yuan, accounting for 84.36% of 169,000 million yuan of the Company's annual business indicator for 2014; Mainly affected by the lack of demand for the industry of steel, petrification, cement and coal, the effective orders of industrial refrigeration and general petrochemical equipment have significantly reduced. The total amount of profit of 123.99 million yuan accounting for 88.56% of 140 million yuan of the Company's annual business indicator for 2014. For the deducting for income of industrial refrigeration and general petrochemical equipment. The price was significantly lower.

Reason for the Company's actual business performance decrease or increase by 20% or higher compared with the earnings projection for this reporting period that has been disclosed in public

Applicable Not applicable

2. Sales income

In 2014, the Company made the sales income of 142,572 million yuan, reduced by 7.16% on a year-on-year basis. Mainly affected by the lack of demand for the industry of steel, petrification, cement and coal, the effective orders of industrial refrigeration and general petrochemical equipment have significantly reduced.

Was the Company's sales income on material objects more than that on labor service?

Yes No

Industry category	Item	2014	2013	Year-on-year increase/decrease (%)
Main refrigeration unit for industrial or commercial use	Sales volume	3,127	3,299	-5.21%
	Production output	3,108	3,299	-3.75%
	Inventory level	436	455	-4.18%

Reason for change in the related data by 30% or higher on a year-on-year basis

Applicable Not applicable

Major orders in the hand of the Company

Applicable Not applicable

Major change or adjustment in the Company's products or service in the reporting period

Applicable Not applicable

Information on the Company's major customers

Total sales volume from top five customers (yuan)	191,976,147.84
Proportion of the total sales volume from top five customers to the annual sales volume (%)	13.47%

Information on the Company's top five customers

No.	Name of customer	Sales volume (yuan)	Proportion to the annual sales volume (%)
1	Dalian Bingshan Engineering & Trading Co., Ltd.	90,440,496.58	6.34%
2	Beijing Huashang Bingshan Refrigeration Equipment Co., Ltd.	33,805,364.72	2.37%
3	Hunan Hongxing frozen food Co., Ltd.	24,497,697.49	1.72%
4	Panasonic Cold-chain (Dalian) Co., Ltd	23,234,625.97	1.63%
5	Dalian TianBao Green Foods Co., Ltd.	19,997,963.08	1.40%
Total	—	191,976,147.84	13.47%

3. Costs

Industry category

Monetary unit: RMB yuan

Industry category	Item	2014		2013		Year-on-year increase/decrease (%)
		Amount	Proportion to the operating costs (%)	Amount	Proportion to the operating costs (%)	
Refrigeration and air-conditioning	Direct materials	908,145,939.09	83.60%	989,011,168.11	84.70%	Decrease 1.20 percentage points
	Labor wages	95,300,565.63	8.80%	89,131,562.04	7.70%	Increase 1.10 percentage points
	Depreciation	27,658,967.16	2.50%	26,853,056.06	2.30%	Increase 0.20 percentage points
	Utilities	17,302,770.65	1.60%	20,239,508.58	1.70%	Decrease 0.10 percentage points
	Others	38,142,410.20	3.50%	41,765,707.96	3.60%	Decrease 0.10 percentage points
	Total operating costs	1,086,550,652.73	100.00%	1,167,001,002.75	100.00%	

Note

There was no remarkable change in composition of the Company's costs in this reporting period.

Information on the Company's major suppliers

Total purchase volume from top five suppliers (yuan)	181,345,340.74
Proportion of the total purchase volume from top five suppliers to the annual purchases volume (%)	17.85%

Information on the Company's top five suppliers

No.	Name of supplier	Purchase volume (yuan)	Proportion to the annual purchase volume (%)
1	Dalian Bingshan Group Refrigeration Equipment Co., Ltd	50,692,001.24	4.99%
2	BAC Dalian Co., Ltd.	48,249,141.90	4.75%
3	Dalian Bingshan Engineering & Trading Co., Ltd.	33,445,174.50	3.29%
4	. Dalian Shentong Electric Co., Ltd.	26,986,136.64	2.66%
5	Weilian transfer technology(shanghai) Co., Ltd.	21,972,886.46	2.16%
Total	—	181,345,340.74	17.85%

4. Expenses

In the reporting period, the Company had the selling expenses increased by 2.54% on a year-on-year basis; the administrative expenses increased by 4.08% on a year-on-year basis; the financial expenses decreased by 4.83% on a year-on-year basis.

5. R&D expenditure

In the reporting period, the Company had the total R&D expenditure of 73.57 million yuan, accounting for 3.74% of the Company's net assets as of the end of 2014 or 5.16% of the Company's annual operating revenues. There was no remarkable year-on-year change in related data.

6. Cash flows

Monetary unit: RMB yuan

Item	2014	2013	Year-on-year increase/decrease (%)
Sub-total of cash inflows from operating activities	1,128,325,804.20	1,210,898,029.90	-6.82%
Sub-total of cash outflows from operating activities	1,099,830,031.73	1,203,267,573.46	-8.60%
Net amount of cash flow generated in operating activities	28,495,772.47	7,630,456.44	273.45%
Sub-total of cash inflows from investing activities	67,895,523.90	91,997,685.81	-26.20%
Sub-total of cash outflows from investing activities	63,987,418.04	73,148,044.45	-12.52%
Net amount of cash flow generated in investing activities	3,908,105.86	18,849,641.36	-79.27%
Sub-total of cash inflows from financing activities	78,354,272.75	53,900,000.00	45.37%
Sub-total of cash outflows from financing activities	137,330,113.53	103,818,561.63	32.28%
Net amount of cash flow generated in financing activities	-58,975,840.78	-49,918,561.63	-18.14%
Net increase in cash and cash equivalents	-26,781,570.96	-23,479,575.11	-14.06%

Reason for change in the related data by 30% or higher on a year-on-year basis

Applicable Not applicable

(1) The net amount of cash flow resulting from operating activities increased obviously as compared to the same period last. The main reason is that within the reporting period, the company paid notes for purchase of goods and services increasing obviously, and cash paid reducing obviously as compared to the last year.

(2) The net amount of cash flow resulting from investment activities decreased obviously as compared to the same period last year. The main reason is that within the last year, the warehousing land use right of the company was collected and stored with a large amount of cash being recovered.

(3) The subtotal of cash inflows from financing activities increased obviously as compared to the same period last year. The main reason is that within the reporting period, the amalgamated sub-companies increased short-term loans.

(4) The subtotal of cash outflows from financing activities increased obviously as compared to the same period last year. The main reason is that within the reporting period, cash payments relating to other financing activities increased obviously.

Reason for remarkable difference between the cash flows from the Company's operating activities in the reporting period and the net annual profit

Applicable Not applicable

There was a remarkable difference between the net amount of cash flow generated in operating activities of the Company and the net annual profit in the reporting period, mainly due to that the proportion of returns on investment to the total profit of the Company was higher.

III. Main business structure

Monetary unit: RMB yuan

	Operating revenue	Operating costs	Gross profit	Increase/decrease of operating revenues on a year-on-year basis	Increase/decrease of operating costs on a year-on-year basis	Increase/decrease of gross profit on a year-on-year basis
By industry						
Refrigeration and air-conditioning	1,405,820,529.51	1,065,329,668.79	24.22%	-7.35%	-7.30%	Decrease 0.03 percentage points
Others	19,895,067.45	21,220,983.94	-6.66%	7.92%	19.70%	Decrease 10.5 percentage points
By product						
Refrigeration and air-conditioning equipment	1,405,820,529.51	1,065,329,668.79	24.22%	-7.35%	-7.30%	Decrease 0.03 percentage points
Others	19,895,067.45	21,220,983.94	-6.66%	7.92%	19.70%	Decrease 10.5 percentage points
By region						
Northeast China	1,127,931,075.94	855,772,796.20	24.13%	-0.54%	-1.39%	Increase 0.65 percentage points
Central China	257,449,316.78	196,962,665.85	23.49%	-30.47%	-27.96%	Decrease 2.66 percentage points
East China	40,335,204.24	33,815,190.68	16.16%	28.43%	31.14%	Decrease 1.74 percentage points

IV. Analysis of assets & liabilities

1. Remarkable change in assets

Monetary unit: RMB yuan

	End of 2014		End of 2013		Proportion increase/decrease
	Amount	Proportion to the total assets	Amount	Proportion to the total assets	
Monetary funds	508,511,466.02	16.65%	512,903,713.13	17.28%	Decrease 0.63 percentage points
Accounts receivable	438,880,830.12	14.37%	369,712,746.70	12.46%	Increase 1.91 percentage points
Inventories	314,879,106.56	10.31%	325,531,007.41	10.97%	Decrease 0.66 percentage points
Investment property	25,108,909.00	0.82%	0.00	0.00%	Increase 0.82 percentage points
Long-term equity investment	1,039,229,738.85	34.03%	979,268,609.94	33.00%	Increase 1.03 percentage points
Fixed assets	414,293,269.31	13.57%	395,266,143.70	13.32%	Increase 0.25 percentage points
Construction in progress	18,515,449.46	0.61%	68,462,823.08	2.31%	Decrease 1.70 percentage points

2. Remarkable change in liabilities

Monetary unit: RMB yuan

	2014		2013		Proportion increase/decrease
	Amount	Proportion to the total assets	Amount	Proportion to the total assets	
Short-term loans	60,000,000.00	1.96%	37,500,000.00	1.26%	Increase 0.70 percentage points
Long-term loans	0.00	0.00%	0.00	0.00%	—

V. 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, interacts positively between the integration of internal resources and business model innovation, 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.

VI. Analysis of investments

1. External equity investments

(1) External investments

External investments		
Investment in 2014 (yuan)	Investment in 2013 (yuan)	Amount of variation
1,039,229,738.85	979,268,609.94	6.12%
Invested companies		
Name of company	Main business	Equity proportion of listed companies to invested companies (%)
For details of the invested companies, see VII-11 Long term equity investment, and IX the rights in other subjects 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
Guotai Junan Securities Co., Ltd	30,098,895.00	30,098,895	0.49%	30,098,895.00	1,504,944.75
Total	30,098,895.00	30,098,895	-	30,098,895.00	1,504,944.75

(3) Securities investment

Applicable Not applicable

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

(4) Held other listed companies' equity

Applicable Not applicable

During the reporting period, the Company does not hold other listed companies' equity.

2. Trust management, derivative investments, and entrusted loans

(1) Trust management

Applicable Not applicable

During the reporting period, the Company does not exist trust management.

(2) Derivative investment

Applicable Not applicable

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

(3) Entrusted loans

Applicable Not applicable

During the reporting period, the Company does not exist entrusted loans.

3. The use of funds raised

Applicable Not applicable

During the reporting period, the Company does not exist the use of funds raised.

4. Analysis of major subsidiary companies and mutual shareholding companies

a. Main holding subsidiary companies

① Wuhan New World Refrigeration Industry Co., Ltd.

With a registered capital of 100 million yuan and 51% of its shares held by the Company, Wuhan New World Refrigeration Industry Co., Ltd. engaged mainly in producing and selling screw type refrigeration compressor. The company realized the sales of 271.22 million yuan and net profit of -3,070 thousand yuan in 2014, with total assets of 451.53 million and net assets of 135.68 million.

b. Main participating companies

① Panasonic Cold-Chain (Dalian) Co., Ltd.

With a registered capital of JPY 465 million and 40 of its shares held by the Company, Panasonic Cold-Chain (Dalian) Co., Ltd. engaged mainly in display cabinets, commercial kitchen, and low temperature medicine cabinet. The company realized the sales of 1,689.30 million yuan and net profit of 21.36 million yuan in 2014, with total assets of 1,247.07 million yuan and net assets of 529.54 million yuan.

② Panasonic Compressor (Dalian) Co., Ltd.

With a registered capital of JPY 620 million and 40 of its shares held by the Company, Panasonic Compressor (Dalian) Co., Ltd. engaged mainly in semi closed piston, and the scroll compressor. The company realized the sales of 2,433.08 million yuan and net profit of 171.29 million yuan in 2014, with total assets of 1,891.70 million yuan and net assets of 1,094.99 million yuan.

③ Dalian Fuji Bingshan Vending Machine Co., Ltd.

With a registered capital of JPY 180 million and 49 of its shares held by the Company, Dalian Fuji Bingshan Vending Machine Co., Ltd. engaged mainly in Vending Machine. The company realized the sales of 375.62 million yuan and net profit of 30.20 million yuan in 2014, with total assets of 264.52 million yuan and net assets of 183.46 million yuan.

Subsidiary companies obtained or disposed in the reporting period

Applicable Not applicable

Name	The purpose of obtained or disposed Subsidiary companies in the reporting period	The way of obtained or disposed Subsidiary companies in the reporting period	The impact on overall production and performance
Bingshan Technical Service (Dalian) Co., Ltd	Business development and Business model innovation	to establish new company with related party.	The establishment of Bingshan Service, isolated the after-sale service, maintenance service, security & energy conservation service and component service from current business of the Company for operation independently, will systematically improve the service mechanism, and satisfy competing needs in future market.

VII. Estimation of the business performance for Jan.-Mar., 2015

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

VIII. Development prospect of the Company

1. Industrial development trend

The Company engaged in refrigeration and air-conditioning industry. Currently, the influential power of the refrigeration and air-conditioning industry in the national economy of our country is becoming greater and greater, and its position in improving the people's livelihood is becoming more and more prominent, the social concern degree is becoming higher and higher, the industrial centralization is becoming higher and higher and market competition is becoming more and more fierce. Industrial complete set forming, modularization, informatization develops fast, new enterprises intervene constantly, new hot points emerges constantly, the areas, opponents, products, and connotation of competition are changing constantly.

2. Opportunities and challenges the company confronts

(1) Opportunities the company confronts

With the State strengthening investment in such people's livelihood sectors as urbanization, food, health, etc., the freezing and cold storage sector maintains a high market growth speed and the market demand space in the main business sector of the company expands. The great development of cold chain logistics has provided market demand for the cold storage package project of the company. In the peak period of technical upgrading, energy conservation innovation to the existing package projects, freezing stations, etc., there is a big market expansion space for modern service industry.

(2) Challenges the company confronts

Foreign-funded brands promote localization to reduce costs, domestic-funded enterprises intervene at a low cost, and as a result, the industrial profit space is compressed. Traditional cooperative partners adopt low-cost purchase and the customer group stability reduces. By oversea acquisition, being listed for financing, asset reorganization, etc., the main competitors expand the industrial chain, consolidate existing advantages and develop new competitive advantages.

Under the new normal, situation of price competition still be there within the industry. Creating value for clients

and providing system solution guarantee order obtained under the limited demand. Meanwhile, in the industry, enterprises keep coming up with new ones, to make use of the IT means of internet and Internet of Things to create new business model, to explore and create market needs constantly. Around by livelihood development and food safety in particular, energy conservation & environmental protection products as well as integrated system solution plan are promoted to the market endlessly.

3. Company development plan

The Company will, centre on value management concept, core with parent company and subsidiary, integrate enterprise resources, upgrade industry chain, innovate business mode, strengthen technology innovation, upgrade and expand business size as well as development space entirety, make efforts to establish the best and strongest manufacture of industrial refrigeration products; to complete the strongest and biggest food and cold chain manufacturer and supplier for business of hot& cold ecological environmental protection; to create an international enterprise.

4. Funding demand and funding source plan

In 2015, the company predicts that the need of funds will be solved through its own funds and appropriate financing.

5. Main risks the company confronts and countermeasures

(1) The risk of fiercer industrial competition.

The huge demands in the refrigeration and air-conditioning market in China are highly emphasized by domestic and foreign industrial enterprises. At the same time of developing respective industries having advantages, enterprises extend industrial chains constantly, consolidate the existing market sectors, compete to take up emerging market sectors and the industrial competition pattern is becoming fierce increasingly.

Countermeasures: Focus on intensifying independent innovations and promoting transformation and upgrading, to strengthen the forging of the core competitive power. Take satisfaction of customer demands as our own mission, take expansion of market share as the key point, take relocation for innovation as the driving force, take cold and hot, ecological, environmental protection business as the main part, make a great effort to develop industrial refrigeration, food freezing and cold storage, central air-conditioning, refrigeration components and engineering service business sector, focus first on food freezing and cold storage and engineering service business, transform the product structure toward a structure of new type and high end, transform the operation management toward informatization, digitalization, transform the development way toward low energy consumption and low emission.

(2) The risk of backward production equipment and process flow

The company is an old enterprise and also an old factory, where the process flow and facility layout already can not follow the requirements of the situation and market development completely.

Countermeasures: By relocation and transformation, perfect the process flow, update the processing equipment, increase the efficiency of employees, perfect the quality control and reach or be better than the level of main competitors.

6. Operation plan for 2015

Sales revenue: achieved 1,650 million Yuan, increase approximately 16% over 1,425.72 million Yuan, the revenue gained in 2014.

Total profit: achieved 150 million Yuan, increase approximately 21% over 123.99 million Yuan, the total profit realized in 2014.

In 2015, centre on operation theme of “clients & employee oriented, origin regression and wit operation”, the Company will operate legally and orderly; transform the mode and adjust the structure, create service industrialization; cultivate new growth points, and enhance the core competitiveness; integrate resources, and increase the intensity of technical innovation; expand the development of the business through capital operation;

continue to strengthen the management of cash flow, and enhance the quality of the Company's operations; increase the assessment efforts, and try best to complete the index of revenue and profit.

More attentions on the follow in 2015:

(1) To operate legally and orderly, and avoid business risks. Resolutely implement the new law on safety in production, clear security responsibilities, and strengthen management on prevention. In strict accordance with the articles of association of the Company and the operating rules, and improve the corporate governance structure. Strengthen internal management, and avoid financial risk, operational risk and legal risk.

(2) To speed up the adjustment of industrial structure, and innovate business model. Try to promote the transformation and upgrading of products, and stride the traditional industry towards the middle and high-end. Make good use of the Company's relocation opportunity, and construct informational, intelligent factory. Vigorously develop the productive service industry, and gradually strengthen the supporting role of service industry.

(3) To cultivate new growth points, and enhance the core competitiveness. Make good use of the Internet technology, and carry out energy management business. Build the core competitiveness of the Company within integrated solutions for refrigeration complete sets, central air conditioning equipment complete sets and complete sets of engineering equipment. Open up new business areas.

(4) To integrate resources, and increase the intensity of technical innovation. With the product plan as a guide, speed up the pace of technological innovation and product innovation. Integrate the human resources, R&D resources of the Company and Wuhan New World Refrigeration, create a technology platform, and concentrate on the development of new products. Strengthen the protection of intellectual property rights. Establish the training, introduction and incentive mechanism for technical personnel, and increase R&D investment. With safety, energy saving and environmental protection as the goal, strengthen technological innovation driven.

(5) To expand the development of the business through capital operation. Actively dock national strategy, optimize the spatial pattern of industrial development, and improve the industrial layout. Attract investment and invest externally at the same time, and promote the advantages of industry going out.

(6) To continue to strengthen the management of cash flow, and enhance the quality of the Company's operations. Strengthen the management of cash flow, strengthen the management of accounts receivable and inventory, and improve the operating capacity of the enterprise. Increase the assessment efforts of enterprises growth index, increase the assessment weight of rate of return on net assets and sales profit ratio, and continuously improve the Company's profitability, development ability, and operation ability.

The above mentioned operation plan do not represent the earnings forecast for year of 2015 on behalf of the Company. Whether achieve the goal or not depends on many reasons such as market condition changes and operation team working, there remains uncertainty and investors are advised to pay special attention.

IX. Explain to the “non standard audit report” from the board of directors, board of supervisors of the Company

Not applicable.

X. Change in accounting policies, accounting estimates and accounting methods compared with the financial statements of the previous year

Applicable Not applicable

In accordance with Accounting Standards for Enterprises No.2—Long-term equity investment, as for the equity investment which the Company had no control, common control, significant influence and whose fair value could not be able to measured surely, the Company calculated such investment as financial assets available for sale measured by costs instead of long-term equity investment calculation, and adjusted in way of retrospective application. Changes of the accounting policy only changed the amount in items of financial assets available for

sale and long-term equity investment; there is no any impact on total assets, total liabilities, net assets and net profit for the year of 2013. The details see the Notice of Changes in Accounting Policies (No:2014-025).

XI. Correction of major accounting mistakes in the reporting period, which should be retroactively restated

Not applicable.

XII. Change in the range of consolidated statements compared with the financial statements of the previous year

No change.

XIII. 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 2013 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 2014.

Formulation and implementation of the Company's cash dividend distribution policy in the reporting period complied with the Company's Articles of Association and the general meeting's resolution, and the dividend distribution standard and proportion were defined and clear and the applicable decision-making procedure and system were complete. The independent directors agreed on it and the legal rights and interests of minority shareholders were well protected.

Special notes to cash dividend payout policy	
If the regulations of the Articles of Association or the requirements of the shareholders of the company meeting are met:	Yes
If the dividend payout standard and proportion is definite and clear-cut:	Yes
If relevant decision-making procedure and mechanism is complete:	Yes
If the independent directors have performed their duties and played their due role:	Yes
If small and medium shareholders have the opportunity to sufficiently express their opinions and appeals and if their legal rights and interests are sufficiently protected:	Yes
If the condition and procedure for adjusting or changing the cash dividend payout policy is compliant and transparent:	Yes

Table of profit distribution plan, plan of share-granting with capital accumulation fund of the Company in recent three years

Dividend year	Profit distribution plan	Plan of share-granting with capital accumulation fund
2014	RMB 1.5 yuan (cash) for every 10 shares (including tax)	None
2013	RMB 1.5 yuan (cash) for every 10 shares (including tax)	None
2012	RMB 1.5 yuan (cash) for every 10 shares (including tax)	None

The Company's cash profit distribution in the previous 3 years: Unit : (RMB) yuan

	Cash profit distribution (incl. tax)	Net profit belonging to parent company owners in the consolidated statistical tables and reports	Net profit ratio belonging to parent company's owners
2014	54,024,746.25	115,439,722.39	46.80%
2013	52,502,246.25	153,006,057.13	34.31%
2012	52,502,246.25	117,142,066.15	44.82%

The Company made profit in the reporting period and the undistributed profit of the parent company was positive but no cash dividend distribution plan was proposed.

Applicable Not applicable

XIV. Profit distribution preplan, and preplan of share-granting with capital accumulation fund of the Company

Bonus shares to be presented for every 10 shares (shares)	0
Dividend to be distributed for every 10 shares (RMB yuan) (including tax)	1.50
Transferred shares to be presented for every 10 shares (shares)	0
Equity base for distribution preplan (shares)	360,164,975
Total amount of cash dividend distribution (RMB yuan) (including tax)	54,024,746.25
Proportion of cash dividend distribution accounting for total profit distribution (%)	100.00%
Cash dividend distribution policy:	
When the development stage of the company belongs to a growth period with important fund disbursement arrangement(s), the proportion of cash dividend distribution accounting for this profit distribution should reach 20% at minimum when conducting profit distribution.	
Notes to details about preplan for profit distribution or capital stock increase with capital reserve	
According to the audit by Da Hua CPAs (Special General Partnership), the net profit made by the parent company of the company in 2014 was RMB 111.895 million and 10% of the net profit (RMB 11.189 million) was drawn as the legal surplus reserve. Therefore, the profit distributable to the shareholders in the current year was RMB 100.706 million. Plus the initial undistributed profit of RMB 372.591 million and minus the dividend of RMB 52.502 million of common shares paid in 2013 and the drawn free surplus reserve of RMB 29.066 million (20%), the accumulated profit distributable to the shareholders was RMB 391.729 million.	
The company's profit distribution preplan for 2014:	
Based on the net profit made by the parent company of the company in 2014 (111.895 million), 20% of the net profit (RMB 22.379 million) will be drawn as the free surplus reserve;	
Based on the total capital stock of 360,164,975 shares, which is after completion of granting restricted stock, the dividend of RMB 1.5 in cash (including tax) will be distributed for every 10 shares, the total cash dividend is RMB 54.025 million, and the cash dividend for B share is converted and paid in Hong Kong dollars;	
The company will not transfer the capital reserve to increase capital stock.	
The above preplan shall be submitted to the 2014 shareholders' general meeting for review and approval.	

XV. Social responsibilities

In the course of development, the company has always observed national laws and regulations, operate faithfully,

treat objectively such stakeholders as creditors, employees, consumers, suppliers, communities, etc., assume social responsibilities actively and perform the obligations as a citizen. For the specific performance of social responsibilities by the company, refer to the social responsibility report for 2014.

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

Receiving time	Receiving location	Way of receiving	Received object type	Received object	Main contents talked about and information provided
Jan. 3, 2014	Company office	Field investigation	Institution	Wu Hao from China Merchants Fund.	Company fundamental condition
Jan. 15, 2014	Company office	Field investigation	Institution	Ji Hongtao, Huangxin, and Huang Weiqiao from Penghua Fund Management Co., Ltd.	Company fundamental condition
Feb. 13, 2014	Company office	Field investigation	Institution	Huang Kun from Guotai Junan Securities Research Institute	Company fundamental condition
Feb. 18, 2014	Company office	By telephone	Institution	Shao Qihan from Fuh Hwa Securities Investment Trust Co. Ltd.; Xu Bo from China Securities Co., Ltd.	Company fundamental condition
Feb. 20, 2014	Company office	Field investigation	Institution	Zhang Junping from BOC International (China) Limited; Lu Miao from China Galaxy Investment Management Co., Ltd.; Cao Yuning from Guodu Securities Co., Ltd.; Yu Li from China Life Insurance Asset Management Co., Ltd.; Min Wenqiang from Rongtong Fund Management Co., Ltd.; Zhu Hong from Lord Abbett China Asset Management Co., Ltd.; Luan Chao from China Post & Capital Fund Management Co., Ltd.	Company fundamental condition
Feb. 28, 2014	Company office	Field investigation	Institution	Wang Xueying from Bohai Securities Co., Ltd.	Company fundamental condition
Mar. 20, 2014	Company office	Field investigation	Institution	Fan Haitao, and Li Mengyao from China International Capital Corporation Limited.	Company fundamental condition
Apr. 24, 2014	Company office	By telephone	Institution	Xie Jiale, and Xiao Qunxi from Huatai Securities Co., Ltd.; Wang Kai, Geng Dafeng, Dai Qunzhong, and Wu Yan from Northeast Securities Co., Ltd.; Du Minjie from Xinhua Asset Management Co., Ltd.; Gong Yuce from Wanlian Securities Brokerage Co., Ltd.; Huang Dong from China International Fund Management Co., Ltd.; Chen Zhaohong from Zhongshan Securities Co., Ltd.; Wang Youhong from Everbright Securities Co., Ltd.; Huang Ying from Beijing Hi-tech Wealth Investment and Developing Co., Ltd.; Shu Hao, and Wu Fengshu from Hua An Fund Management Co., Ltd.; Wu Linan from Nanjing Securities Co., Ltd.; Zhou Qiwei from China Southern Fund Management Co., Ltd.; Cheng Jidong, and Zhang Jilong from Guosen Securities	Company fundamental condition

				Co., Ltd.; Liu Fan from Guotai Junan Securities Co., Ltd.; Liu Xiao from Franklin Templeton Sealand Fund Management Co., Ltd.; Zhou Zhipeng from Sinolink Securities Co., Ltd.; Zhao Jie from Tianzhun Investment Co., Ltd; Wang Dong from Tianfeng Securities Co., Ltd.; Yi Zhenxing from Jianghai Securities Co., Ltd.; Yang Lanchun from Pegasus Investment Management (Shanghai) Co., Ltd.; Huang Guoliang from Pubang Investment Co., Ltd.	
Apr. 29, 2014	Company office	By telephone	Institution	Cai Peifen from Cathay Securities Investment Trust Co., Ltd.; Yang Ailin from Bank of Communications International Trust Co., Ltd.	Company fundamental condition
May 13, 2014	Company office	Field investigation	Institution	Hu Shen, and Zhong Hui from Cinda Securities Co., Ltd.; Zhang Lei from Dongxing Securities Co., Ltd.	Company fundamental condition
May 28, 2014	Company office	Field investigation	Institution	Wan Fangfang from China Asset Management Co., Ltd.	Company fundamental condition
Jun. 20, 2014	Company office	Field investigation	Institution	Li Jianxing from UG Investment Advisers Limited	Company fundamental condition
Jun. 24, 2014	Company office	Field investigation	Institution	Xu Jianhua from Orient Securities Co., Ltd.; Chen Wen from Industrial Securities Co., Ltd.	Company fundamental condition
Jul.4,2014	Company office	Field investigation	Institution	Li Kun from Northeast Securities Co., Ltd.	Company fundamental condition
Jul.15,2014	Company office	Field investigation	Institution	Wang Qun from Fortune Securities Co., Ltd.	Company fundamental condition
Oct.29,2014	Company office	Field investigation	Institution	Liu Rong from China Merchant Securities; Chang Wei from Guo tai Junan Securities; Xu Ye from Huarong Securities; Dai Ruiliang from Huaxia Fund; Meng Xia from Harvest Fund; Fang Kun from Lion Fund.; Liu Jie from HFT Fund; Sun Haozhong from Citic-prudential Fund; Chen Qi from Guang Zhou Jin Jun Investment Holdings Co., Ltd.	Company fundamental condition
Nov.11,2014	Company office	Field investigation	Institution	Zhang yu and Zhang Xiaoyu from Mingji International Investment Co., Ltd.	Company fundamental condition
Dec.24,2014	Company office	Field investigation	Institution	Shu Hao from Hua An Fund; He Siyuan from Huachuang Securities.	Company fundamental condition
Dec.30,2014	Company office	Field investigation	Institution	Shen Du from Aegon-Industrial Fund Management Co.,Ltd.; Li Jin from Baoying Fund Management Co.,Ltd	Company fundamental condition

Section 5 Important Issues

I. Major lawsuit and arbitration issues

Applicable Not applicable

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

II. Media's queries

Applicable Not applicable

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

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

The company had no capital occupation by the holding shareholders and their related parties in the listed company within this reporting period.

IV. Bankruptcy restructuring related matters

Applicable Not applicable

There were no bankruptcy restructuring related matters to the Company in this reporting period.

V. Asset transactions

1. Purchases of important assets

Applicable Not applicable

Within reporting period, the Company acquires 35.75% of Dalian Bingshan Metal Processing Co., Ltd.'s equity from Sanyo Electric (China) Co., Ltd., Sojitz Corporation and Daio Industry Co., Ltd. with the total price of 924.99 thousand yuan. The announcement about the equity transfer (announcement number: 2014-026) was published on B024 of China Securities, A17 of HK Commercial Daily and Cninfo website on Oct. 23, 2014.

2. Sales of important assets

Applicable Not applicable

Within the reporting period, the company the Company transferred the 30 percent equity of Dalian Binshan Group Sales Co., Ltd. to Wuhan New World Refrigeration Industrial Co., Ltd. with price of RMB 6.843 million. The announcement about the equity transfer (announcement number: 2014-022) was published on B028 of China Securities, A06 of HK Commercial Daily and Cninfo website on Aug. 21, 2014.

3. Enterprise merger

Applicable Not applicable

There were no enterprise merger matters to the Company in this reporting period.

VI. The implementation and effect of equity incentive

Applicable Not applicable

On December 2014, The Company launched the first phase of restricted stock incentive plan, intend to grant 10,150 thousand shares restricted stock to the 41 incentive object. On January, 2015, the CSRC conformed and recorded without objection to the restricted stock incentive plan draft, On February, 2015, the 1st Extraordinary Shareholders' General Meeting of 2015 of the Company examined and adopted the restricted stock incentive plan draft of the Company and its summary; On March 2015 the Board has implemented and completed granting the restricted stock. The details see the series announcement on China Securities, HK Commercial Daily and Cninfo website .

VII. Important associated transactions

1. Associated transactions related to normal business

In the reporting period, the total amount of normal associated transactions between the Company and associated parties was 350,950 thousand yuan, accounting for 77.99% of the budgeted amount for the year 2014. This included 171,680 thousand yuan, accounting for 74.64% of the budgeted amount for the year 2014, for purchasing supporting products for package projects from associated parties, and 179,270 thousand yuan, accounting for

81.49% of the budgeted amount for the year 2014, from selling supporting parts and components to associated parties.

2. Associated transactions related to purchases or sales of assets

Applicable Not applicable

There were no associated transactions related to purchases or sales of assets to the Company in this reporting period.

3. Important associated transactions with joint external investments

Within the reporting period, the company established Bingshan Technical Service (Dalian) Co., Ltd. ("Bingshan Service") by joint investment together with the related party of Dalian Bingshan Engineering & Trading Co., Ltd. The Company held 60% of Bingshan Service's equity with the investment of 12 million RMB yuan. The temporary announcement about this connected transaction (announcement number: 2014-027) was published on B024 of China Securities, A17 of HK Commercial Daily and Cninfo website on Oct. 23, 2014.

4. Current associated rights of credit and liabilities

Were there current non-operating associated rights of credit and liabilities?

Yes No

For credits and debts with associated parties, see the Special Description on Use of Funds by Dalian Refrigeration Co., Ltd.'s Holding Shareholder and Other Associated Parties issued by Da Hua Certified Public Accountants.

5. Other associated transactions

Within the reporting period, the Company with price of RMB 22.81 million transferred 10 percent equity of Dalian Binshan Group Sales Co., Ltd., held by Dalian Binshan Group Co., Ltd. The temporary announcement about this connected transaction (announcement number: 2014-021) was published on B028 of China Securities, A06 of HK Commercial Daily and Cninfo website on Aug. 21, 2014.

VIII. 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

The implementation for management equity incentive plan is being performed currently.

IX. Engagement and dismissal of the accounting firm

Currently engaged accounting firm

Name of domestic accounting firm	Da Hua Certified Public Accountants (Special General Partnership)
Remuneration paid to the domestic accounting firm (in 10 thousand yuan)	77
Continuous audit service years of the domestic accounting firm	2
Name of certified public accountants with the domestic accounting firm	Yang Yingjin , Wang Shuhuan

If the CPA firm retaining was changed in this period

Applicable Not applicable

If the CPA firm retaining was changed during auditing

Applicable Not applicable

If the CPA firm changing went through an examination and approval procedure

Applicable Not applicable

VIII. Index of information announcements for important matters within the reporting period

Announcement number	Matter	Newspaper name and page where it was published	Publishing date	Name of internet website where it was published and searching route
2014-001	Special announcement of the commitments that have not been fulfilled	China Securities Daily A17, Hong Kong Commercial Daily A17	Feb. 14, 2014	http://www.cninfo.com.cn
2014-002	Announcement of the director's resignation	China Securities Daily B020, Hong Kong Commercial Daily A30	Mar. 6, 2014	http://www.cninfo.com.cn
2014-003	Announcement of the chairman's resignation	China Securities Daily B020, Hong Kong Commercial Daily A30	Mar. 6, 2014	http://www.cninfo.com.cn
2014-004	Announcement of the resolutions at the 8th meeting of the 6th Board of Directors	China Securities Daily B027, Hong Kong Commercial Daily A21	Mar. 11, 2014	http://www.cninfo.com.cn
2014-005	Notice on convening the 1st extraordinary general meeting in 2014	China Securities Daily B027, Hong Kong Commercial Daily A21	Mar. 11, 2014	http://www.cninfo.com.cn
2014-006	Announcement of the resolutions at the 1st extraordinary general meeting in 2014	China Securities Daily B016, Hong Kong Commercial Daily A14	Mar. 28, 2014	http://www.cninfo.com.cn
2014-007	Announcement of the resolutions at the 9th meeting of the 6th Board of Directors	China Securities Daily B016, Hong Kong Commercial Daily A14	Mar. 28, 2014	http://www.cninfo.com.cn
2014-008	Announcement of the monthly progress of the commitments that have not been fulfilled	China Securities Daily B016, Hong Kong Commercial Daily A14	Mar. 28, 2014	http://www.cninfo.com.cn
2014-009	2013 Annual Report Summary	China Securities Daily B057, Hong Kong Commercial Daily A22	Apr. 24, 2014	http://www.cninfo.com.cn
2014-010	Announcement of the resolutions at the 10th meeting of the 6th Board of Directors	China Securities Daily B057, Hong Kong Commercial Daily A22	Apr. 24, 2014	http://www.cninfo.com.cn
2014-011	Announcement of the resolutions at the 5th meeting of the 6th Board of Supervisors	China Securities Daily B057, Hong Kong Commercial Daily A22	Apr. 24, 2014	http://www.cninfo.com.cn
2014-012	Notice on convening the 2013 annual general meeting	China Securities Daily B057, Hong Kong Commercial Daily A22	Apr. 24, 2014	http://www.cninfo.com.cn
2014-013	Announcement of the 2014 annual estimation of routine associated transactions	China Securities Daily B057, Hong Kong Commercial Daily A22	Apr. 24, 2014	http://www.cninfo.com.cn
2014-014	Quarterly Report for the First Quarter, 2014	China Securities Daily B057, Hong Kong Commercial Daily A22	Apr. 24, 2014	http://www.cninfo.com.cn
2014-015	Announcement of the monthly progress of the commitments that have not been fulfilled	China Securities Daily B185, Hong Kong Commercial Daily A11	Apr. 29, 2014	http://www.cninfo.com.cn
2014-016	Announcement of the resolutions at the 2014 annual general meeting	China Securities Daily B039, Hong Kong Commercial Daily A20	May 21, 2014	http://www.cninfo.com.cn
2014-017	Announcement of the monthly progress of the commitments that have not been fulfilled	China Securities Daily B007, Hong Kong Commercial Daily A10	May 30, 2014	http://www.cninfo.com.cn
2014-018	Announcement of the 2013 annual dividend distribution	China Securities Daily B022, Hong Kong Commercial Daily A10	Jun. 18, 2014	http://www.cninfo.com.cn
2014-019	Semi-annual Report Abstract for 2014	B028 of China Securities, A06of HK Commercial Daily	Aug. 21, 2014	http://www.cninfo.com.cn
2014-020	Public Notice on Resolution of 11th Meeting of 6 th Session of the Board	B028 of China Securities, A06of HK Commercial Daily	Aug. 21, 2014	http://www.cninfo.com.cn

		Commercial Daily		
2014-021	Announcement on Related Transaction of Equity Transfer of Dalian Bingshan Group Sales Co., Ltd.	B028 of China Securities, A06of HK Commercial Daily	Aug. 21, 2014	http://www.cninfo.com.cn
2014-022	Notice of 30 Percent Equity of Dalian Bingshan Group Sale Co., Ltd. Transfer	B028 of China Securities, A06of HK Commercial Daily	Aug. 21, 2014	http://www.cninfo.com.cn
2014-023	Public Notice on Resolution of 12th Meeting of 6 th Session of the Board	B09of China Securities, A17 of HK Commercial Daily	Oct. 23, 2014	http://www.cninfo.com.cn
2014-024	Report for the 3 rd Quarter of 2014	B24of China Securities, A17 of HK Commercial Daily	Oct. 23, 2014	http://www.cninfo.com.cn
2014-025	Notice of Changes in Accounting Policies	B24of China Securities, A17 of HK Commercial Daily	Oct. 23, 2014	http://www.cninfo.com.cn
2014-026	Notice of Equity Transfer of Dalian Bingshan Metal Processing Co., Ltd.	B24of China Securities, A17 of HK Commercial Daily	Oct. 23, 2014	http://www.cninfo.com.cn
2014-027	Related Transaction of Funded Bingshan Technical Service (Dalian) Co., Ltd.	B24of China Securities, A17 of HK Commercial Daily	Oct. 23, 2014	http://www.cninfo.com.cn
2014-028	Announcement of Independent Directors Resign	A031 of China Securities, A20 of HK Commercial Daily	Nov. 05,2014	http://www.cninfo.com.cn
2014-029	Public Notice on Trade Suspension Brought by Significant Event.	B021 of China Securities, A10of HK Commercial Daily	Nov.29 ,2014	http://www.cninfo.com.cn
2014-030	Public Notice on Progress Significant Event.	B007of China Securities, A7 of HK Commercial Daily	Dec. 06, 2014	http://www.cninfo.com.cn
2014-031	Public Notice on Resolution of 13th Meeting of 6 th Session of the Board	B045 of China Securities, A18of HK Commercial Daily	Dec. 11, 2014	http://www.cninfo.com.cn
2014-032	Public Notice on Resolution of 8th Meeting of 6 th Session of the Board	B045 of China Securities, A18 of HK Commercial Daily	Dec. 11, 2014	http://www.cninfo.com.cn
2014-033	Summary of the Restricted Stock Incentive Plan Draft of the Company;	B045 of China Securities, A18 of HK Commercial Daily	Dec. 11, 2014	http://www.cninfo.com.cn
2014-034	Public Notice on Trade Resumption Brought by Significant Event.	B045 of China Securities, A18 of HK Commercial Daily	Dec. 11, 2014	http://www.cninfo.com.cn

Section 6 Change in Share Capital and Shareholders' Information

I. Change in share capital

1. Change in share capital

	Shares (before change)		Changes	Shares (after change)	
	number	proportion		number	proportion
I. Non-circulating share capital with restricted trade conditions	19,221,526	5.50%	+2,925	19,224,451	5.50%
3. Other domestic shares	19,221,526	5.50%	+2,925	19,224,451	5.50%
Including: Shares held by domestic legal person	19,213,921	5.49%		19,213,921	5.49%
Including: Shares held by domestic natural person	7,605	0.01%	+2,925	10,530	0.01%
II. Circulating share capital	330,793,449	94.50%	-2,925	330,790,524	94.50%
1. Domestically listed ordinary shares	215,793,449	61.64%	-2,925	215,790,524	61.64%
2. Domestically listed foreign shares	115,000,000	32.86%		115,000,000	32.86%
III. Total shares	350,014,975	100.00%		350,014,975	100.00%

2. The reason for the Change in share capital

Within the reporting period, Mrs Xujunrao was by-election for the board of director of the Company. The Circulating share capital 2,925 shares she held was changed into Non-circulating share capital with restricted trade conditions

II. Securities issuance and listing

1. Change in total shares of the Company and structure of shareholders

Within the reporting period, the directors of the Company had changes, and the shareholder structure of the Company also changed accordingly.

III. Shareholders and actual controller

1. Number of shareholders and their shareholding

Total number of shareholders in the reporting period	38,396	Total number of shareholders as of the 5th trading day before disclosure of the annual report	33,200		
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	0
Sanyo Electric Co., Ltd.	Overseas legal person	10.00%	35,001,500	0	0
Tibet Aier Medical Investment Co., Ltd.	Domestic non-state-owned legal person	1.41%	4,951,962	0	0
BOCI SECURITIES LIMITED	Overseas legal person	0.84%	2,932,654	0	0
Lion flexible configuration hybrid securities investment fund	Others	0.65%	2,265,548	0	0
Sun Huiming	Domestic natural person	0.56%	1,959,911	0	0
Jiang Youchang	Domestic natural person	0.55%	1,919,575	0	0
Jin Mingzhu	Domestic natural person	0.50%	1,718,307	0	0
Lin Zhenming	Overseas natural person	0.47%	1,640,000	0	0
Dalian City Industrial Investment Co., Ltd.	Domestic non-state-owned legal person	0.46%	1,622,250	0	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			
Tibet Aier Medical Investment Co., Ltd.	4,951,962	RMB denominated ordinary shares			
BOCI SECURITIES LIMITED	2,932,654	Domestically listed foreign shares			
Lion flexible configuration hybrid securities investment fund	2,265,548	RMB denominated ordinary shares			
Sun Huiming	1,959,911	RMB denominated ordinary shares			
Jiang Youchang	1,919,575	RMB denominated ordinary shares			
Jin Mingzhu	1,718,307	Domestically listed foreign shares			
Lin Zhenming	1,640,000	Domestically listed foreign shares			
Dalian City Industrial Investment Co., Ltd.	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.				

2. Holding shareholder of the Company

Name of holding shareholder	Legal representative	Founding date	Organization code	Registered capital	Main business
Dalian Bingshan Group Co., Ltd.	Motoma Zhero	Jul. 3, 1985	24129179-3	140600000	Research, development, manufacture, sales, service and installation of industrial refrigeration products, freezing and cold storage products, large-, medium- and small-size air-conditioning products, petrochemical equipment products, electronic and electric control products, home appliance products and environment protection products.
The future development strategy	Based on the value management philosophy, with Daleng Gufen as the core, comprehensively promote the integration of management strategy, integrate enterprise resources, upgrade the industrial chain, innovate commercial model, strengthen technological innovation, enhance and expand business scale and development space of Bingshan group.				
Business performance, financial position, cash flows and future development strategy	In 2014, the annual operating revenue was 11,235.24 million yuan, the net profit was 452.36 million yuan, and the net assets was 843.37 million yuan (unaudited).				
Shares held by the holding shareholder in other overseas and domestic listed companies as the holding shareholder or ordinary shareholder in the reporting period	None				

Change in the holding shareholder in the reporting period

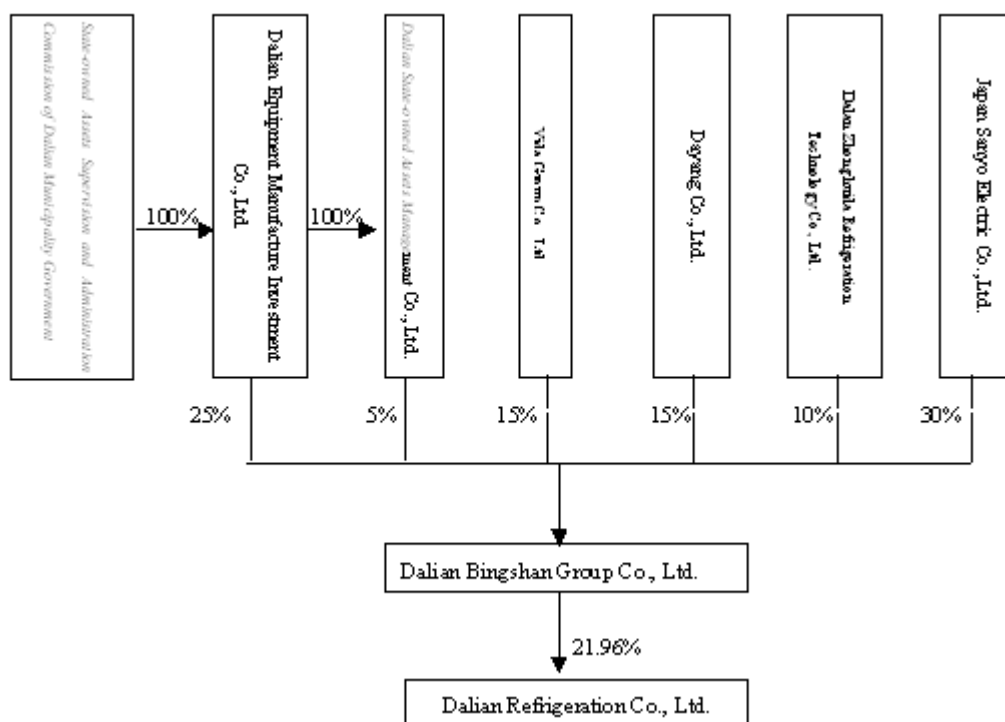
Applicable Not applicable

3. Actual controller of the Company

The actual controller of the Company is the State-Owned Assets Supervision and Administration Commission of Dalian Municipal Government.

Change in the actual controller in the reporting period

Applicable Not applicable



The actual controller controlled the Company through a trust or other asset management

Applicable Not applicable

4. Other legal-person shareholders holding of 10% or more shares

Sanyo Electric Co., Ltd., which holds 10% of the shares of the Company, is one of the major electromechanical product manufacturers in Japan and also the key joint venture partner of this Company. That company was listed in Tokyo Stock Exchange. On April 2011, it became the wholly-owned subsidiary of Panasonic Corporation and stopped being listed.

IV. The shareholders of the company and the persons acting in concert proposed or implemented a plan to increase shares holding during the reporting period.

Applicable Not applicable

In the Company's scope of knowledge, the shareholders of the company and the persons acting in concert didn't have the situation to propose or implement a plan to increase shares holding during the reporting period.

Section 7 Information on Preferred Stock

Applicable Not applicable

In the reporting period, the Company didn't own preferred stock.

Section 8 Information on the Company's Directors, Supervisors, Senior Management and Staff

I. Changes in shareholding by directors, supervisors and senior managers

Name	Position	Office-holding state	Sex	Age	Starting date of office term	Ending date of office term	Shares held at beginning of period (shares)	Increase on holding of shares in this period (shares)	Decrease in holding of shares in this period (share)	Shares held at the end of period (shares)
Ji Zhijian	Chairman	Incumbent	M	47	Mar. 27, 2014	Feb. 4, 2016				
Xu Junrao	Director	Incumbent	F	51	Mar. 27, 2014	Feb. 4, 2016	3,900	0	0	3,900
Liu Kai	Director, GM	Incumbent	M	40	Feb. 5, 2013	Feb. 4, 2016				
Wang Zhiqiang	Director, DGM	Incumbent	M	52	Feb. 5, 2013	Feb. 4, 2016				
Kobayashi Noriaki	Vice Chairman	Incumbent	M	53	Mar. 27, 2014	Feb. 4, 2016				
Kijima Tadatoshi	Director	Incumbent	M	57	Mar. 27, 2014	Feb. 4, 2016				
Liu Caiping	Independent director	Incumbent	F	59	Feb. 5, 2013	May 19, 2015				
Wang Huiquan	Independent director	Leaving office	M	70	Feb. 5, 2013	Feb. 12, 2015				
Xing Tiancai	Independent director	Leaving office	M	53	Feb. 5, 2013	Feb. 12, 2015				
Yu Fuchun	Chairman of Board of Supervisors	Incumbent	M	55	Feb. 5, 2013	Feb. 4, 2016	10,140	0	0	10,140
Mao Chunhua	Supervisor	Incumbent	F	49	Feb. 5, 2013	Feb. 4, 2016				
Ma Yun	Supervisor	Incumbent	M	43	Feb. 5, 2013	Feb. 4, 2016				
Rong Yan	Financial Majordomo	Incumbent	F	45	Feb. 5, 2013	Feb. 4, 2016				
Li Wenjiang	DGM	Incumbent	M	48	Dec. 12, 2013	Feb. 4, 2016				
Song Wenbao	Board secretary	Incumbent	M	41	Feb. 5, 2013	Feb. 4, 2016				

Xiao Yongqin	Chairman	Leaving office	M	60	Feb. 5, 2013	Mar. 27, 2014				
Wang Jian	Vice Chairman	Leaving office	M	57	Feb. 5, 2013	Mar. 4, 2014				
Nagasawa Hideharu	Director	Leaving office	M	54	Feb. 5, 2013	Mar. 4, 2014				
Total	--	--	--	--	--	--	14,040	0	0	14,040

II. Office holding

Main work experiences of incumbent directors, supervisors, senior managers of the company during the reporting period in recent five years till the end of 2014

Name	Main work experience	Office holding or working concurrently in other units in addition to shareholder units
Ji Zhijian	Successively acting as director, GM, Chairman of Dalian Sanyo Cold-chain Co., Ltd.; director and GM of Dalian Bingshan Group Co., Ltd.; Chairman of the Company.	Chairman of Wuhan New World Refrigeration Industrial Co., Ltd.; Chairman of Bingshan Technology Service (Dalian) Co., Ltd.; Chairman of Panasonic Refrigeration (Dalian) Co., Ltd.; Chairman of Panasonic Cold-chain (Dalian) Co., Ltd.; Chairman of Mitsubishi-Bingshan Refrigeration (Dalian) Co., Ltd. ; Chairman of Linde Engineering (Dalian) Co., Ltd.
Xu Junrao	Successively acting as Head of the Financial Dept., Financial Majordomo, director, and board secretary of the company; Vice GM and chief accountant of Dalian Bingshan Group Co., Ltd.	None
Liu Kai	Successively acting as Head of Production Management Dept., Assistant GM, GM and director of the company, director of Dalian Bingshan Group Co., Ltd.	Chairman of Dalian Bingshan Group Refrigeration Installation Co., Ltd.; Chairman of Dalian Bingshan Group Sales Co., Ltd.
Wang Zhiqiang	Successively acting as DGM, Chief Engineer, and director of the company.	None
Kobayashi Noriaki	successively acting as the posts of director of financial dept.in Consumer Product Marketing Division of the company and councilor in Global Consumer Marketing Division of the company.	Managed in electrochemical residential equipment machine branch of Panasonic Corporation (“the company”) and director of financial center of the company
Kijima Tadatoshi	successively acting as the posts of manager of home electrochemical operation planning division, the electrochemical residential equipment branch of the company and Executive GM of Hangzhou Panasonic Household Appliances Co., Ltd.	Hold an office as Director of Panasonic Corporation of China and GM of Panasonic Electrochemical Residential Equipment (Hangzhou) Co., Ltd
Liu Caiping	Once acting as Chief Accountant of Dalian Construction Holding Co., Ltd. Having retired.	Vice Chairman of Dalian Association for Chief Accountants.
Dai Dashuang	successively acting as the standing deputy dean of the school of management and the director of institute of Eco-Tech of Dalian university of Technology. She	The independent director of Dalian Thermal Power Co., Ltd, and the independent director of Yingkou Port Liability Co., Ltd

	serves as professor and doctoral tutor of the school of business administration of Dalian university of Technology, the director of project management research center of Dalian university of technology,	
Liu Jiwei	successively acting as the chief account and director of finance department	The independent director of GF Securities Co., Ltd, and the independent director of Lingyuan Iron and Steel Co., Ltd
Yu Fuchun	Successively acting as Vice Chairman of the Trade Union of the company.	None
Mao Chunhua	Successively acting as Vice Head, and Head of the Financial Dept. of the company.	None
Ma Yun	Successively acting as Vice Head of Financial Dept., Head of Auditing Supervision Dept. in Dalian Bingshan Group Co., Ltd.	None
Rong Yan	Successively acting as Head of Financial Management Dept., Operation Planning Head of Dalian Sanyo Refrigeration Co., Ltd., and Director, Financial Majordomo of the Company.	None
Li Wenjiang	Successively acting as Head of Package Design Dept., Vice Chief Engineer, and DGM of the company.	None
Song Wenbao	Successively acting as representative for securities affairs, board secretary of the company.	None

Office holding in shareholder unit

√ Applicable □ Not applicable

Name of office holder	Shareholder unit name	Position held in shareholder unit	Starting date of office term	Ending date of office term	If receiving remuneration or allowance from shareholder unit
Ji Zhijian	Dalian Bingshan Group Co., Ltd.	GM	Feb. 14, 2014	Jan. 10, 2017	Yes
Xu Junrao	Dalian Bingshan Group Co., Ltd.	Vice GM and chief accountant	Feb. 14, 2014	Jan. 10, 2017	Yes
Liu Kai	Dalian Bingshan Group Co., Ltd.	Director	Feb. 14, 2014	Jan. 10, 2017	No

III. Remuneration paid to directors, supervisors, and senior management

Decision-making procedure, decision-making basis and actual payment of remuneration for directors, supervisors and senior management

Decision-making procedure: the Company's remuneration plan for directors and supervisors was proposed by the Company's Remuneration and Evaluation Committee of the Board of Directors, and after approval by the Board of Directors, submitted to the general meeting for adoption and put into effect. The Company's remuneration plan for senior management was put into effect after approval by the Company's Board of Directors.

Decision-making basis: it was decided on the basis of main responsibilities and importance of the concerned position and the remuneration level of similar positions in other similar enterprises and evaluated and rewarded through the Company's examination procedure for assets operation performance.

The total amount of remunerations actually paid by the Company to directors, supervisors, and senior management was 3.0631 million yuan.

Particulars about the annual remuneration of directors, supervisors and senior staff members

Name	Annual remuneration and allowance paid by the Company (ten thousand yuan)
Ji Zhijian	0
Xu Junrao	0
Liu Kai	63.54
Wang Zhiqiang	49.81
Kobayashi Noriaki	0
Kijima Tadatoshi	0
Wang Huiquan	8.00
Xing Tiancai	8.00
Liu Caiping	8.00
Yu Fuchun	13.88
Mao Chunhua	16.80
Ma Yun	17.66
Rong Yan	49.81
Li Wenjiang	49.81
Song Wenbao	21.00
Total	306.31

Equity incentive plans granted to directors, supervisors and senior management of the Company in the reporting period

Applicable Not applicable

IV. Changes of directors, supervisors, senior managers of company

Name	Position held	Type	Date	Reason
Xiao Yongqin	Chairman	Resignation	Mar. 27, 2014	Resigned the position of chairman and director because of job transfer.
Wang Jian	Vice Chairman	Resignation	Mar. 4, 2014	Resigned the position of vice chairman and director because of job transfer.
Rong Yan	Director, Financial Majordomo	Resignation and appointment	Mar. 4, 2014	Resigned the position of director but continued holding the position of financial majordomo because of job need.
Nagasawa Hideharu	Director	Resignation	Mar. 4, 2014	Resigned the position of director because of job transfer.
Ji Zhijian	Chairman	Being elected	Mar. 27, 2014	Elected to fill the vacant position of chairman.
Kobayashi Noriaki	Vice Chairman	Being elected	Mar. 27, 2014	Elected to fill the vacant position of vice chairman.
Xu Junrao	Director	Being elected	Mar. 27, 2014	Elected to fill the vacant position of director.
Kijima Tadatoshi	Director	Being elected	Mar. 27, 2014	Elected to fill the vacant position of director.

V. Change in the core technical team or key technical personnel (who are not directors, supervisors and senior management) in the reporting period

Applicable Not applicable

VI. Status of the Company's staff

1. As of Dec. 31, 2014 the Company and its major subsidiary Wuxin Refrigeration had 2,030 enrolled employees, including 1,177 persons engaged in production, accounting for 58%; 244 persons engaged in engineering and technology, accounting for 12%; 325 persons engaged in marketing, accounting for 16%; and 284 persons engaged in management, accounting for 14%.

2. As of Dec. 31, 2014,, among enrolled employees of the Company and its major subsidiary Wuxin Refrigeration, 61 persons have the educational background of Master or higher, accounting for 3%; 528 persons have the educational background of university, accounting for 26%; 609 persons have the educational background of junior college, accounting for 30%; and 832 persons have the educational background of secondary technical school or lower, accounting for 41%.

3. The Company applied the employee job performance wage system with distribution according to positions and performance of an employee.

4. The Company formulated the annual training plan and gave purposeful training to an employee in consideration of his/her post requirement.

5. The pension and medical expense for retired employees of the Company were paid by the social insurance body.

Section 9 Corporate Governance

I. Basic situation of corporate governance

Within the reporting period, the company centered around the operation subject as “Leading innovation, Creating value” to further deepen and perfect the normative internal control system and upgrade the governing level of the company continuously.

There were no problems with the Company concerning horizontal competition caused by restructures and other reasons. The main normal associated transactions between the Company and the associated companies included purchasing the supporting products for package projects from the associated companies, and selling the supporting parts and components to the associated companies and providing them with the labor service. Associated transactions between the Company and the associated companies are necessary for normal production and operation and helpful for the Company’s healthy development, and therefore will continue. The Company will strictly follow the related decision-making procedures and fulfill the obligation in information disclosure in order to further regulate associated transactions.

Was there any deviation of the Company's corporate governance from the requirements in the Company Law and China Securities Regulatory Commission's regulations?

Yes No

There was no deviation of the Company's corporate governance from the requirements in the Company Law and China Securities Regulatory Commission's regulations.

The activities for corporate governance of the Company, and establishment and implementation of the internal information insider registration and management system

The Company has established the internal information insider registration and management system and strictly complied with the related regulations. In 2014, the Company launched the training with the topic of prevention from insider trading to strengthen the supervision and management of internal information insiders. Before any significant sensitive information which may have influence on the Company's share price was disclosed and after any abnormal fluctuation in the Company's share price occurred, the Company purposefully examined the Company's share buying and selling and did not find any fact that internal information insiders bought or sold the Company's shares by use of the internal information. In the reporting period, there was no director, supervisor or senior management who bought or sold the Company's shares by violation of the regulations.

II. Shareholders’ general meeting convened in the reporting period

1. Annual Shareholders’ general meeting within this reporting period

Session number of meeting	Holding date	Meeting bill name	Resolution	Disclosing date	Disclosing index
2013 Annual Shareholders’ General Meeting	May 20, 2014	1. Work report of the Board of Meeting for 2013; 2. Work report of the Board of Supervisors for 2013; 3. Financial final settlement report of the company for 2013; 4. Profit distribution plan of the company for 2013; 5. Annual report of the company for 2013; 6. Report on authorizing the operation level of the company to apply for bank credit line and loan line; 7. Report on prediction of daily associated transactions of the company in 2014; 8. Report on engaging annual auditing agency of the company for 2014; 9. Report on amending articles of association of the Company; 10. Report on improving the allowances for independent directors of the Company.	All above bills were passed	May 21, 2014	B039 of China Securities, A20 of HK Commercial Daily, Cninfo website

2. Extraordinary Shareholders' General Meeting in this reporting period

Session number of meeting	Holding date	Meeting bill name	Resolution	Disclosing data	Disclosing index
The 1 st Extraordinary Shareholders' General Meeting of 2014	Mar. 27, 2014	1. Electing Ji Zhijian to be director of the Company; 2. Electing Xu Junrao to be director of the Company; 3. Electing Kobayashi Noriaki to be director of the Company; 4. Electing Kijima Tadatoshi to be director of the Company.	All above bill were passed	Mar. 28, 2014	B06 of China Securities, A14 of HK Commercial Daily, Cninfo website.

III. Independent directors' execution of duties in the reporting period**1. Attendance of independent directors to the meetings of the Board of Directors and general meetings**

Attendance of independent directors to the meetings of the Board of Directors						
Name of independent director	Number of due board meetings in the reporting period	Number of attendances on the spot	Number of attendance by communication	Number of attendance by proxy	Number of absences	Failure to attend in person for successive two times or not
Wang Huiquan	6	3	3	0	0	No
Xing Tiancai	6	3	3	0	0	No
Liu Caiping	6	3	3	0	0	No
Number of attendances as a non-voting delegate	2					

2. Objections to the related matters of the Company raised by independent directors

The independent directors have raised no objections to the related matters of the Company in the reporting period.

3. Other description of independent directors' execution of duties

For details of the Company's independent directors' execution of duties, see the 2014 annual work report of the independent directors of the Company.

IV. Execution of duties of the special committees under the Board of Directors in the reporting period**1. Execution of duties of the audit committee under the Board of Directors**

With performance of its duty according to the Implementation Rules for the Audit Commission under the Board of Directors and the Annual Reporting Work Rules for the Audit Commission, the Audit Commission under the Board of Directors supervised the Company's internal audit system and its implementation, audited the Company's accounting information and its disclosure and assessed the work of the external audit institution.

In the work of evaluation of a normative internal control system of the company, the Auditing Commission brought into play actively the duty of organization, leadership and supervision. According to the company internal control defect recognition standard, it examined and recognized the internal control defect recognition summary table developed by the internal control evaluation work group of the company, and had an examination reading of the internal control evaluation report of the company for 2014, believing that the status quo of the internal control system of the company complies with related requirements and with the actual situation of the company and it is being carried out satisfactorily. The internal control evaluation report of the company for 2014

reflects the above facts accurately.

In the Company's 2014 annual audit work, the Audit Commission conducted positive communication and effective coordination with the audit institution Da Hua Certified Public Accountants. The Audit Commission conducted communication with the person in charge of the project of the audit institution on the audit work plan, schedule, matters that should be noticed in audit and other matters and reached an agreement with them. In the process of audit, they kept close information on the progress of audit work and urged the audit institution many times to ensure the quality and schedule in the audit work. Through serious review of the Company's annual finance report and annual report after completion of the audit work, the Audit Commission believed that the Company's finance report was comprehensive and authentic, and the finance report and other information disclosed by the Company were objective and true, having reflected the true annual financial status of the Company.

The Audit Commission believed that in the 2014 annual audit service for the Company, Da Hua Certified Public Accountants implemented the audit for the Company on the practicing basis of independency, objectivity and fairness and strictly abided by the new accounting standards. They worked out a well-considered plan, allocated all necessary personnel, positively contacted our Audit Commission and independent directors, and completed the 2014 annual audit service for the Company through its industrious and conscientious working. It is suggested that Da Hua Certified Public Accountants should be reengaged as the auditing agency for the company in 2015.

2. Execution of duties of the remuneration and evaluation committee under the Board of Directors

With performance of its duty according to the Implementation Rules for the Remuneration and Evaluation Commission under the Board of Directors, the Remuneration and Evaluation Commission under the Board of Directors examined the annual salary and remuneration level of the Company's directors, supervisors and senior executives, and believed that the decision-making procedure for salary and remuneration of the above persons and the paying standard complied with the laws and regulations and the Company's regulations, and the salary and remuneration information disclosed in the Company's Annual Report for 2014 was authentic and exact.

V. Work of the Board of Supervisors

Was there any risk with the Company found by the Board of Supervisors in their supervision activities in the reporting period?

Applicable Not applicable

The Board of Supervisors had no objections to the matters under supervision in the reporting period.

VI. Status of the Company's business, staff, asset, organization and finance separations from the holding shareholder

The Company was separated from the holding shareholder in business, staff, asset, organization and finance, and has the independent and complete business and operation capability.

VII. Horizontal competitions

Applicable Not applicable

VIII. Performance evaluation and incentive system for senior management

The Company evaluated and rewarded senior management through the Company's examination procedure for assets operation performance in the reporting period.

Section 10 Internal Control

I. Construction of the internal control system

As a listed company of internal control pilot in the jurisdiction of Dalian, the company carried out relevant work in 2011 pursuant to related regulations of Basic Enterprise Internal Control Specification and its supporting guide from the Ministry of Finance, according to the work scheme for implementing the company internal control specifications, combining with the actual situation of production and operation of the company and taking the parent company Dalian Refrigeration Co., Ltd. and the important subsidiary Wuhan New World Refrigeration Industry Co., Ltd. as the scope of implementation. In 2012, the company particularly centered around the subsidiaries not included in the internal control implementation scope in 2011 and its important business flow to further promote the normative internal control system construction work. In 2014, the company centered around the operation subject as “Leading innovation, Creating value” to further deepen and perfect the normative internal control system construction.

II. Board of Director’s statement about the internal control responsibility

According to the Basic Standard for Enterprise Internal Control and the Implementation Guideline for Enterprise Internal Control, the Company's directors should bear the full responsibility for establishment and perfection of the Company’s internal control and its effective operation. The Board of Directors of the Company and all its members take all responsibilities, individual and/or joint, for the reality, accuracy and completeness of the internal control report.

III. Basis for establishing the internal control of financial statements

The Basic Standard for Enterprise Internal Control and the Implementation Guideline for Enterprise Internal Control.

IV. Report on self-evaluation of internal control

Details of material weakness in the internal control found in the reporting period described in the report on self-evaluation of internal control	
There was no material weakness in the internal control found in the reporting period.	
Date of disclosing the full text of the report on self-evaluation of internal control	Apr. 24, 2015
Disclosure reference to the full text of the report on self-evaluation of internal control	For the 2014 annual report on self-evaluation of internal control of the Company, visit the website www.cninfo.com.cn .

V. Internal control audit report

Description of the deliberation opinions in the internal control audit report	
We think that as of Dec. 31, 2014, Dalian Refrigeration Co., Ltd. had maintained an effective internal control over the financial reports in all material aspects according to Basic Enterprise Internal Control Specification and relevant regulations.	
Date of disclosing the full text of the internal control audit report	Apr. 24, 2015
Disclosure reference to the full text of the internal control audit report	For the 2014 annual internal control audit report of the Company, visit the website www.cninfo.com.cn .

Did the accounting firm issue the internal control audit report with nonstandard opinions?

Applicable Not applicable

Was the internal control audit report issued by the accounting firm consistent with the opinion in the self-evaluation report of the Board of Directors?

Applicable Not applicable

VI. Establishment and implementation of the accountability system for serious mistakes in annual reports

The Company established the accountability system for serious mistakes in disclosure of information, and strictly implemented it. In the reporting period, there were no matters with the Company concerning correction of serious accounting mistakes, supplementation of important omissive information and revision of performance predictions.

Section 11 Financial Report

I. Auditor's Report

DHSZ(2015) No.004085

TO THE SHAREHOLDERS OF DALIAN REFRIGERATION COMPANY LIMITED

We have audited the financial statements of Dalian Refrigeration Company Limited, which comprise the Balance Sheet as at 31st December 2014, and the Income Statement, Cash Flow Statement and Statement of Changes in Owner's Equity for the year then ended, and the notes to the financial statements.

Management's Responsibility for the Financial Statements

It is the responsibility of Dalian Refrigeration Company Limited's management to prepare and present the financial statements fairly. And the responsibilities include: (1) Prepare the financial statements in conformity with "Accounting Standard for Business Enterprises" and "Accounting System of the People's Republic of China for Enterprises", and to be presented fairly. (2) Design, conduct and maintain the internal control related to the financial statements to prevent the big material misstatement with the reason of fraud and mistakes.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Auditing Standards for Chinese Certified Public Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. The selected audit procedure depended on the judgment of CPA includes identify the risks of the material misstatements due to the fraud and mistakes. In evaluating the risks, we are only concerned with the internal control systems so as to design an appropriate audit procedure, but not to express our opinion on the effectiveness of the internal control systems. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation.

We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, the financial statements are prepared in conformity with Accounting Standards for Business Enterprises and, in all material respects, present fairly the consolidated and company's financial position of Dalian Refrigeration Company Limited as at 31 December 2014, and their results of its operations and cash flow for the year then ended.

Da Hua Certified Public Accountants
(Special General Partnership)
Beijing, China

China CPA: Yang Yingjin

China CPA: Wang Shuhuan

April 22, 2015

II. Accounting statement (attached hereunder)

III. Notes to the accounting statement

(All amounts in RMB Yuan unless otherwise stated)

I. General information

Dalian Refrigeration Company Limited (the “Company”) was reorganized from main part of former Dalian Refrigeration Factory, and incorporated in the People’s Republic of China (the “PRC”) on December 18, 1993 as a joint stock limited company. 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. The Company together with its subsidiaries is hereinafter collectively referred to as the “Group”. As at 31 December, 2014, the registered capital of the Company was RMB 350,014,975.00. The address of the Company’s registered office is No.888 Xinan Road, Shahekou District, Dalian, China. The parent company of the Company is Dalian Bingshan Group Co., Ltd.

The principal activities of the Company are manufacture, sale and installation of refrigeration equipments.

The financial statements were permitted to disclose by the board of directors of the Company on 22nd April, 2015.

II. The scope of consolidation

There are 7 entities included in the current consolidated financial statements, including:

Names of subsidiaries	Types	Level	Proportion of shareholding (%)	Proportion of votes (%)
Dalian Bingshan Group Refrigeration Installation Co., Ltd.	Fully owned	1	100	100
Dalian Bingshan Group Sales Co., Ltd.	Fully owned	1	100	100
Dalian Bingshan Air-Conditioning Equipment Co., Ltd.	Holding subsidiary	1	70	70
Dalian Bingshan Metal Processing Co., Ltd.	Holding subsidiary	1	64.25	64.25
Dalian Bingshan Guardian Automation Co., Ltd.	Holding subsidiary	1	60	60
Dalian Bingshan Ryosetsu Quick Freezing Equipment Co., Ltd.	Holding subsidiary	1	70	70
Wuhan New World Refrigeration Industrial Co., Ltd.	Holding subsidiary	1	51	51

There was no change of the scope of consolidation compared with last year.

III. Basic of preparation of financial statements

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 Accounting Standards for Business Enterprises issued by Ministry of Finance.

2. Going-concern

The company has the capacity to continually operate within 12 months at least since the end of report period, and hasn’t the major issues impacting on the sustainable operation ability.

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

1. Declaration on following Accounting Standard for Business Enterprises

Declaration from the Company: The financial statements made by the Company was in accordance

with Accounting Standards for Business Enterprises, which reflected the financial position, financial performance and cash flow of the Company truly, objectively and completely.

2. Fiscal year

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

3. Operating Cycle

12 months are regarded as one operating cycle in the company, and which is as the division criterion for the liquidity of assets and liabilities.

4. Functional currency

RMB was the functional currency of the Company.

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

A. 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, and 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.

B. 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. a. 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; b. 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".

6. 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, cash flow 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, cash flow 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, cash flow 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 intra-group 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.

7. Joint venture arrangements classification and co-operation accounting treatment

A. Joint venture arrangements classification

Under the terms of the structure of the company, the legal form of the joint venture arrangements agreed in the joint venture arrangements, other factors such as the relevant facts and circumstances, the joint venture arrangements include co-operation and joint ventures.

The joint venture arrangement unreached by individual entity is divided into common business;

joint venture arrangement reached by individual entity usually classified as a joint venture; but there is conclusive evidence that any of the following conditions are satisfied and the division of joint venture arrangements in line with the relevant laws and regulations for the common business:

- (1) The legal form of a joint venture arrangement shows that the joint venture party have rights and bear obligations in respect of the relevant assets and liabilities.
- (2) Contractual terms of the JV agreement arrangements agrees that the joint venture party have rights and bear obligations in respect of the relevant assets and liabilities.
- (3) Other relevant facts and circumstances indicate that the joint venture party have rights and bear obligations in respect of the relevant assets and liabilities.

If joint venture parties enjoy almost all outputs associated with the joint venture arrangements, and the settle of the liability arrangement continued reliance on joint venture the joint venture party support.

B. Accounting treatment of the joint operation

The Company confirms that the following items share a common interest in the business associated with the Company, and audit in accordance with the provisions of the relevant enterprise accounting standards:

- (1) Confirm individual assets and common assets held based on shareholdings;
- (2) Confirm individual liabilities and shared liabilities held based on shareholdings;
- (3) Confirm the income from the sales revenue of co-operate business output
- (4) Confirm the income from the sales of the co-operate business output based on shareholdings;
- (5) Confirm the individual expenditure and co-operate business cost based on shareholdings.

The company co-operates to invest or sell assets (excluding the assets constituting the business), before sold to third party, only confirm the part of transaction gains and losses that attributable to other participants. Assets sold in accordance with "Enterprise Accounting Standards No. 8 Impairment of Assets" and other provisions, the Company confirmed all the loss.

The company co-operates to purchase assets (excluding the assets constituting the business), before sold to third party, only confirm the part of transaction gains and losses that attributable to other participants. Assets acquired in accordance with "Enterprise Accounting Standards No. 8 Impairment of Assets" and other provisions, the Company confirmed that part of loss based on shareholdings.

The Company is not entitled to jointly controlled, if the Company co-operate the relevant assets and bear related liabilities, need accounting treatment based upon the above principles.

Otherwise, should be accounted in accordance with the relevant provisions of accounting standards.

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:

① Where the contractual rights for collecting the cash flow of the said financial assets are terminated;

② 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:

① 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.

② 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.

③ 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.

④ 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.

⑤ 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

- ① 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.
- ② If the financial instruments do not exist in the active market, the fair value shall be recognized by value appraisal techniques.
- ③ 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. Receivable accounts

(1) Recognition and providing of bad debt provision on individual receivable account with large amount

Basis of recognition or standard amount of individual account with large amount	Top 5 of account receivables at year end
Basis of bad debt provision	Impairment test performed individually, bad debt provision will be provided at the difference of expected cash flow lower than the book value. Without bad debt provision needed provided through individually test, bad debt provision will be provided at age analysis method.

(2) Recognition and providing basis of bad debt reserves for group of receivable accounts with similar characteristics of credit risks

① Basis of recognition and providing of bad debt provision

Basis of recognition for groups	
Group of inner units	Accounts receivable due from subsidiaries included in consolidated scope
Group by age analysis	With similar characteristics of credit risks
Basis of bad debt provision	
Group of inner units	Individual identified method
Group by age analysis	Age analysis method

② Age analysis

Ages	Provision rates for account receivables (%)	Provision rates for other receivables (%)
Within 1 year, (included, same for the followings)	5%	5%
1-2 years	10%	10%
2-3 years	30%	30%
3-4 years	50%	50%
4-5 years	80%	80%
Over 5 years	100%	100%

(3) Other minor amount

For the receivables which are not individually significant, and which individually significant but are not provided provision individually, in accordance with credit risk characteristics, the method of provision for bad debts is aging analysis method. The assessment is made collectively where receivables share similar credit risk characteristics (including those having not been individually assessed as impaired), based on their historical loss experiences, and adjusted by the observable figures reflecting present economic conditions.

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. Classified as the assets held for sale

A. Recognition criteria for the classification of the assets held for sale

The company will recognize the combination parts of the enterprise (or non-current assets) which simultaneously meet the following requirements, as the components of the assets held for sale.

(1) The components should be immediately sold under the current condition only according to the usual terms of the parts sold.

(2) The enterprise has made resolution for the disposal of the components, the approval of shareholders' meeting or relevant authority agency if the shareholder's approval is requested by the rules.

(3) The enterprise has signed the irrevocable transfer agreement with the transferee.

(4) The transfer shall be completed within one year.

B. Accounting method for the classification of the assets held for sale

For the fixed assets held for sale, the company shall adjust the estimated net residual value of the fixed assets in order to make it reflecting the amount after the disposal costs deducted from the fair value, which doesn't exceed the original book value of the fixed assets when the condition of holding for sale is met. The impairment losses of the assets shall be regarded and recorded into the current profits and losses if the original book value is more than the balance of the estimated net residual value after adjusting. The fixed assets held for sale which not withdraw the depreciation or amortization shall be measured according to the lesser one between the balances of the book value or the fair value minus the disposal costs respectively.

The equity investment, intangible assets and other non-current assets held for sale shall be handled as per above mentioned principles, but excluding the deferred income tax assets, the financial assets regulated in —Accounting Standards for Enterprises No.22 – Recognition and Measurement of Financial Instruments II, the investment property and the biological assets measured by the fair value, and the contractual right issued in the insurance contract.

14. Long-term equity investment

A. Investment cost confirmation

(1) For the long term equity investment from enterprise merger, the detailed accounting policy, please refer to the accounting method of merger of enterprises under or not under the same controller in Note IV / (V). While, the long term equity investment acquired through liability reorganization is booked on the basis of fair value.

(2) The long-term equity investments acquired by other ways

For the long-term equity investment acquired by the cash payment method, the purchase price of actual payment as the initial investment cost, which includes costs, taxes and other necessary expenses directly relevant to the long-term equity investment acquired.

For the long-term equity investment acquired by the issuance of the equity securities, the fair value of the issuance of the equity securities as the initial investment cost. The transaction costs occurred in the issuance or acquirement of own equity instruments can be deducted from the equity for those that can be directly included in the equity transactions.

The non-monetary asset exchange for a commercial real income and assets or the fair value other assets can be reliably measured, the initial investment cost should be determined according to long-term equity investment exchanged through the non-monetary asset exchange, unless there is evidence showing that for the fair value of assets is more reliable; the non-monetary asset exchange which does not meet the above premises, the book value of the exchanged assets to and the relevant fees and taxes to be paid should be the initial investment cost of the long-term equity investment. The initial investment cost of the long-term equity investments obtained through debt restructuring should be determined in accordance with fair value.

B. Follow-up measurements & recognitions of profits or losses

(1) Cost method

The company can adopt the cost method to account the long-term equity investment controlled by the invested party and follow the initial investment cost to calculate the price and add or take back the investment and adjust the costs of long-term equity investment.

Except for the price of actual payment in acquiring investment or the cash dividends or profits declared but not issued yet included in the consideration, the company shall recognize the cash dividends or profits delivered by the invested party as the current investment returns.

(2) The equity method

The company shall adopt the equity method to account the long-term equity investment of the joint ventures and the cooperative enterprises, and use the measurement of the fair value and record the changes into the profits and losses for the parts of the equity investment of the joint ventures indirectly held by risk investment agency, mutual fund, trust company or other similar bodies including the investment-link-insurance funds.

For the initial investment cost of the long-term equity investment is more than the balance of the shares of the fair value of the identifiable net assets from the invested party in investment, the initial investment cost of the long-term equity investment shouldn't be adjusted. If less, recorded into the current profits and losses.

The investment returns and other comprehensive incomes will be respectively recognized as per the shares of the net profits and losses and other comprehensive returns realized by those shared and

undertaken invested parties after the company acquires the long-term equity investment, and the book value of long-term equity investment shall be adjusted simultaneously. Also, the shared parts shall be calculated according to the profits and cash dividends delivered by the invested party, and the book value of long-term equity investment shall be reduced correspondingly. For other changes in owner's equity of the invested party except for net profits and losses, other comprehensive returns and profits distribution, the book value of long-term equity investment shall be adjusted and the owner's equity should be recorded into.

The shared portions of the net profits and losses of the invested party shall be recognized by the company after the net profits of the invested party are adjusted based on the fair value of the identifiable assets from the invested party when acquiring the investment. Also, the profits and losses of investment are recognized on the basis of the offset of the shared proportion for the internal transaction profits and losses issued but not realized yet between the company and the joint venture and the cooperation enterprises.

The following steps should be taken when the company confirms to share the losses of the invested party: First, offset the book value of the long-term equity investment. Then, offset the book value of the long-term receivables after recognize the investment losses based on the book value of long-term equity of the net investment from the invested party if the book value of the long-term equity investment is insufficient to offset. Last, recognize the estimated loads as per the estimated liability undertaken and record into the current investment losses if additional liability is still needed to undertake based on the provisions of investment contract or agreement after above-mentioned steps.

For the profits realized by the invested party during the future period, the company shall handle based on the opposite steps after deducting the unconfirmed losses undertaken, and resume the recognized investment returns after reduce the confirmed book balance of estimated liabilities and resume other book values of long-term rights and investments of the net investment from the invested party.

C. Transformation of accounting method for the long-term equity investment

(1) The fair value measurement transformed to the equity method

For the equity investments originally held by the company and having non-control, joint control or major impact on the invested party through the accounting treatment as per the confirmation of financial instrument and the measurement criterion, which can have significant impact or haven't control on the invested party due to the additional investment, the sum of the fair value of the equity investment originally held and the new investment costs based on the recognition of —Accounting Standards for Enterprises No.22 – Recognition and Measurement of Financial Instruments || shall be regarded as the initial investment costs accounted by the equity method.

If the equity investment held originally can be classified as the financial assets for sale, the difference between the fair value and the book value, and the variation in the accumulative fair value of other comprehensive returns recorded originally will be transferred into the current profits and losses accounted by the equity method.

If the initial investment costs accounted by the equity method is less than the difference between the portions of the fair value of the identifiable net assets shared from the invested party on the additional investment date calculated and recognized as per the new shareholding proportion after the additional investment, the book value of long-term equity investment should be adjusted and which shall be recorded into the current nonbusiness incomes.

(2) The fair value measurement or the equity method transformed to the cost method

For the equity investments originally held by the company and having non-control, joint control or major impact on the invested party through the accounting treatment as per the confirmation of financial instrument and the measurement criterion, or the long-term equity investments in the joint ventures and the cooperative enterprises held originally, which can have control on the invested party under non-common control due to the additional investment, the sum of the book value of the equity investment originally held and the new investment costs in preparation of individual financial statement shall be regarded as the initial investment costs accounted by the cost method.

Other comprehensive returns accounted and recognized for the equity investment held prior to the purchase date by adopting the equity method, should be conducted the accounting treatment according to the same basis of relevant assets or liabilities directly disposed by the invested party.

If the equity investment held before the purchase date is conducted the accounting treatment according to the relevant provisions of —Accounting Standards for Enterprises No.22 – Recognition and Measurement of Financial Instruments || , the variation in the accumulative fair

value of other comprehensive returns recorded originally shall be transferred to the current profits and losses accounted by the cost method.

(3) The equity method transformed to the fair value measurement

If the company loses the joint control or major impact on the invested party due to disposal of part of equity investments, the remaining equity after disposed should be accounted according to —Accounting Standards for Business Enterprises No.22 – Recognition and Measurement of Financial Instruments || , and the balance between the fair value and the book value shall be recorded into the current profits and losses on the date of joint control or major impact lost. Other comprehensive returns accounted and recognized for the original equity investment by adopting the equity method, should be conducted the accounting treatment according to the same basis of relevant assets or liabilities directly disposed by the invested party when stop to account by the equity method.

(4) The cost method transforming to the equity method

If the company loses the control of the invested party due to disposal of part of equity investments, and the remaining equity after disposed can have joint control or major impact on the invested party in preparation of individual financial statement, the equity method shall be adopted to conduct accounting and the remaining equity shall be regarded to use the equity method to account and adjust when acquiring.

(5) The cost method transforming to the fair value measurement

If the company loses the control of the invested party due to disposal of part of equity investments, and the remaining equity after disposed can't have joint control or major impact on the invested party in preparation of individual financial statement, the relevant provisions of —Accounting Standards for Enterprises No.22 – Recognition and Measurement of Financial Instruments || should be followed to conduct the accounting treatment, and the balance between the fair value and the book value shall be recorded into the current profits and losses on the date of control lost.

D. Disposal of the long-term equity investment

The difference between the book value and the price acquired actually in disposal of the long-term equity investment should be recorded into the current profits and losses. The long-term equity investment accounted by the equity method shall be conducted the accounting treatment of part of other original comprehensive returns as per the corresponding proportion on the same basis of the relevant assets or liabilities directly disposed by the invested party when the disposal of the investment.

If the following one or multiply requirements are met for all transaction terms, conditions and economic impact in disposal of the equity investment of subsidiary, the multiply transactions will be regarded as the package deal to conduct the accounting treatment:

(1) These transactions are signed simultaneously or after the consideration of the influence each other.

(2) These transactions should be as a whole to achieve a complete business result.

(3) One transaction occurs depending on the issuance of at least other one transaction.

(4) It is uneconomic for one transaction, but economic with other transactions.

For the control on the original subsidiary lost due to disposal of part of the equity investment or other reasons and the non-package deal, the relevant accounting treatment should be respectively conducted for the individual financial statement and the consolidated financial statements:

(1) In the individual financial statement, the difference between the book value and the price acquired actually in disposal of the equity shall be recorded into the current profits and losses. If the remaining equity after disposed can have joint control or major impact on the invested party, the equity method shall be adopted to conduct accounting and the remaining equity shall be regarded to use the equity method to account and adjust when acquiring. If the remaining equity after disposed can't have joint control or major impact on the invested party, the relevant provisions of —Accounting Standards for Enterprises No.22 – Recognition and Measurement of Financial Instruments || should be followed to conduct the accounting treatment, and the balance between the fair value and the book value shall be recorded into the current profits and losses on the date of control lost.

(2) In the consolidated financial statements, for all the transactions before the control on subsidiary lost, and the balance between the disposal price and the long-term equity investment respectively minus the net assets from the purchase date or the combination date of subsidiary, the capital reserves (stock premium) shall be adjusted, or the retained earnings shall be adjusted when the capital reserves are insufficient. When the control on the subsidiary lost, the remaining equity

should be measured again according to the fair value on the control lost date. The difference of the consideration acquired by the disposal of equity and the fair value of the surplus equity minus the net assets portion of the original subsidiary calculated from the purchase date per the original stock proportion shall be recorded into the current investment income after the control lost and offset the business reputation. Other comprehensive returns relevant to the original subsidiary shares investment shall be transferred into the current investment returns when the control lost.

For the package deal for all the transactions in disposal of the equity investment till the control lost, all the transactions will be conducted the accounting treatment as a deal to dispose and the relevant accounting treatment should be respectively conducted for the individual financial statement and the consolidated financial statements:

(1) In the individual financial statement, all the differences between the book value of the long-term equity investment of the prices disposed and the equity disposed before the control lost shall be recognized as other comprehensive incomes and recorded into the current profits and losses in the control lost.

(2) In consolidated financial statement, all the differences between the net assets portions of subsidiary of the prices disposed and the investment disposed before the control lost shall be recognized as other comprehensive incomes and recorded into the current profits and losses in the control lost.

E. Criteria of the judgment of joint control and significant impact

If the company controls an arrangement together with other parties according to the relevant agreement, the activity decision-making with significant impact for the arrangement should be achieved after the unanimous agreement gained from the control parties, which is regarded as the joint control of one arrangement with other parties and the arrangement is belong to the cooperative arrangement.

The cooperative arrangement achieved by the independent body which should be as the cooperative enterprises and the equity method shall be adopted to account according to the relevant agreement to judge when the company has rights to the net assets of the independent body. If hasn't rights, the independent body shall be as the joint operation, the company shall recognize the items related to the benefit portions of joint operation and the accounting treatment should be conducted according to the relevant provisions of accounting standards for enterprises.

The significant impact refers to the investor has rights to participate in decision-making for the finance and operation policy of the invested party, but can't control or jointly control the setup of these policies with other parties. The company has made judgment of significant impact on the invested party through the following one or multiply conditions and under comprehensive consideration of all facts and status.

- (1) There are representatives in the board of Directors or equivalent authorities of the invested party.
- (2) Participate in the setup process of finance and operation policies of the invested party.
- (3) There is major transactions occurred among the invested parties.
- (4) Dispatch the management to the invested party.
- (5) Offer the key technical data to the invested party.

15. Investment real estates

The term *Investment real estates* refers to the real estates held for generating rentand/orcapital appreciation, including the right to use any land which has already been rented, the right to use any land which is held and prepared for transfer after appreciation & the right to use any building which has already been rented.

The investment real estates are accounted by the cost, the purchased investment real estates include the cost of the purchase price, related taxes and fees and other expenses which can be directly attributable to the assets; the costs of investment real estate self constructed include the necessary expenses to construct the asset to reach the predicted use state.

The Group adopts the cost method to conduct follow-up measurement on investment real estates are accounted devaluations and amortized. The expected service life, net residual rate and value depreciation rates of investment real estate are the same with fixed assets or intangible assets.

If the investment real estate is changed to self use, since the date of change, investment real estate shall be converted into fixed assets or intangible assets. The function of self-use real estate is to earn rent or capital appreciation, then since the date of change, the fixed assets or intangible assets shall be converted into investment real estate. When the conversion happens, the book value before the conversion will be the book value after the conversion.

When the investment real estate is disposed of, or permanently terminates its use and no economic benefits are expected from its disposal, terminate the confirmation of the investment real estate. Disposal income of investment property for sale, transfer, disposal of scrap or being destroyed is charged to current profit or loss after deducting its book value and related taxes.

16. Fixed assets

(1) Confirmation conditions

Fixed assets refer to physical assets owned for purpose of production, service providing, leasing or management, and operation with service life of more than one year. Fixed assets are recognized when all of the following conditions are satisfied: a. Financial benefits attached to the fixed asset is possibly inflowing to the Company; b. The cost of the fixed asset can be reliable measured.

(2) The initially measurement of fixed assets

The fixed assets of the company shall be initially measured by costs. Of which, the fixed assets costs purchased include purchase price, import duties, other relevant taxes and other expenses that make the fixed assets can be used. The costs of self-constructed fixed assets are the expenses arisen from the construction of the assets reaching the expected use status. The fixed assets invested by the investors shall be recorded into the accounting value according to the value agreed in the investment contract or agreement, but the unfair value agreed in the contract or agreement shall be booked as per the fair value. If the price for purchase of the fixed assets is beyond the usual credit term and delay in payment, and there actually is financial, the cost of fixed assets shall be recognized based on the present value of purchase price. The difference between the price paid actually and the present value of purchase price shall be recorded into the current profits and losses within the credit period except for the capitalization granted.

(3) The subsequent expenditure and disposal of fixed assets

a. Depreciation method of fixed assets

The fixed assets depreciation should be withdrawn within the expected service life according to the recorded value minus the estimated net residual value. For the fixed assets after the impairment provision withdrawn, the amount of depreciation shall be recognized according to the book value after the impairment provision deducted and the usable service life in the future.

The company determines the service life and the estimated net residual value of the fixed assets according to the nature and use of the fixed assets, reviews the service life, the estimated net residual value and depreciation method of the fixed assets at the end of the year, and makes the corresponding adjustment if it is different to the original estimated value.

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

Fixed assets	Estimated lifetime	Annual depreciation rates	Expected residual value rates
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 year	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%

b. The subsequent expenditure of the fixed assets

The subsequent expenditure relevant to the fixed assets shall be recorded into the costs of the fixed assets if the recognition requirements of the fixed assets are met. If not met, recorded into the current profits and losses when occurring.

c. The disposal of the fixed assets

The fixed assets shall be derecognized when the assets are disposed and can be used or there is no economic benefit from the disposal. The amount of the book value and the relevant taxes deducted from the disposal incomes of the fixed assets sold, transferred, scrapped or damaged.

(4) Cognizance evidence and pricing method of financial leasing fixed assets

The fixed assets acquired by the company in line with the following one or several criteria shall be recognized as the fixed assets acquired under finance leases: (1) at the expiration of the lease, the ownership of the leased assets shall be transferred to the company. (2) the company has the option to purchase the leased assets, the purchase price is expected be far lower than the fair value of the leased assets under the implementation of option right, so that it can be reasonably determined that the company shall exercise the option on the acquisition date. (3) the lease term is the majority for

the leased assets even if the ownership no transferred. (4) the present value of the minimum lease payments of the company almost is equal to the fair value of the leased assets on the acquisition date. (5) For the special nature of the leased assets, only the company can use if no major modification made.

For the fixed assets acquired under finance leases, the company takes less of the fair value of the leased asset on the acquisition date and the present value of the minimum lease payments as recorded value. Also, the minimum lease payments are accounted as the recorded value for the long-term payables, and the difference are as the unconfirmed financing fees. The initial direct expenses, such as commission charge, attorney fees, travel expenses and stamp duty attributable to the lease item occurred in the process of the lease negotiation and the signature of lease contract, shall be recorded into the leased assets value. The unrecognized financing charges in each period during the lease term are amortized by effective interest method.

The company adopts the depreciation policy in line with its own fixed assets to count and draw the depreciation of fixed assets acquired under finance leases. If the ownership of lease assets acquired at the expiration of lease can be reasonably confirmed, the depreciation will be recognized in the use life of lease assets. If can't be confirmed, the shorter period between the lease term and the use life of lease assets will be recognized as the depreciation.

17. Construction-in-progress

(1) Categories of projects under construction

The company shall measure the self-constructed constructions in progress at the actual cost, which comprises those expenditures necessarily incurred for bringing the asset to working condition for its intended use, including materials costs, labor costs, relevant taxes paid, capitalized loans, indirect expense for apportion, etc.. The constructions in progress of the company should be accounted by the project classification.

(2) Standard and timing for transferring of projects under construction to fixed assets

All the expenditures that bring the construction in process to the expected condition for use shall be the credit value of the fixed asset. If the fixed asset construction in process has already reached the expected condition for use, but hasn't been made the final account; it shall be carried forward to a fixed asset according to its estimated value based on the budget, cost or actual cost of the construction starting from the date when it reaches the expected condition for use, and the fixed asset shall be depreciated according to the company's depreciation policy for fixed assets. After the final account has been made, the original provisional estimated value shall be adjusted according to the actual cost, but the depreciation which has originally been counted & drawn shall not be adjusted.

18. Loan expenses

(1) Recognition principles for capitalizing of loan expenses

Borrowing expenses occurred to the Company that can be accounted as purchasing or production of asset satisfying the conditions of capitalizing, are capitalized and accounted as cost of related asset. Other borrowing expenses are recognized as expenses according to the occurred amount, and accounted into gain/loss of current term.

The assets meeting capital conditions refer to the fixed assets, investment real estates and inventories which are constructed or produced in a long time to reach the predicted use or sale state. When a loan expense satisfies all of the following conditions, it is capitalized: a. Expenditures on assets have taken place, asset expenditures include the assets used to construct or produce the assets which meet the capitalization conditions, and expend by cash or transferring non-cash assets or bearing interest debt; b. Loan costs have taken place; c. The construction or production activities to make assets to reach the intended use or sale of state have begun.

(2) Duration of capitalization of Loan costs

The capitalization period refers to the period from starting capitalization of loan costs to the stop of capitalization, the period of the break of capitalization of Loan costs is not included.

When the construction or production meets the intended use or sale of state of capitalization conditions, the Loan costs should stop capitalization. When the construction or production meets the conditions of capitalization and can be used individually, the capitalization of the loan costs of the assets should be stopped.

Where each part of a asset under acquisition and construction or production is completed separately

and is ready for use or sale during the continuing construction of other parts, but it can not be used or sold until the asset is entirely completed, the capitalization of the borrowing costs shall be ceased when the asset is completed entirely.

(3) Capitalization Suspension Period

Where the acquisition and construction or production of a qualified asset is interrupted abnormally and the interruption period lasts for more than 3 months, the capitalization of the borrowing costs shall be suspended. If the interruption is a necessary step for making the qualified asset under acquisition and construction or production ready for the intended use or sale, the capitalization of the borrowing costs shall continue. The borrowing costs incurred during such period shall be recorded into the profits & losses at the current period, till the acquisition and construction or production of the asset restarts.

(4) Calculation of the amount of capitalization of Loan costs

Interest expense due to specialized Loan and its auxiliary expenses shall be capitalized before the asset which satisfies the capitalizing conditions reaches its useable or saleable status.

Interest amount of common Loan to be capitalized equals to accumulated asset expense less weighted average of specialized loan part of asset expense multiplies capitalizing rate of common Loan occupied. Capitalizing rate is determined according to weighted average interest of common Loan.

If the Loan has discount or premium, the discount or premium amount should be determined according to actual interests in each accounting period. The interest amount should be adjusted in each period.

19. Intangible assets and R&D expenses

The intangible assets refer to the identifiable non-monetary assets without physical substance owned or controlled by the company, including software, land use rights, knowhow and etc.

(1) The initial measurement of intangible assets

The cost of the purchased intangible assets includes its buying price, relevant tax and the other expenses that are directly attributed to this assets meeting its predetermined objective and other expenses that occur. The buying price of intangible assets is over the deferred payment under normal credit conditions, which has the nature of financing materially, the cost of intangible assets is determined on the basis of the present value of its buying price.

We acquire the mortgaged intangible assets from debtors through debt restructuring and determine the entry value on the basis of the fair value of the intangible assets, we have the balance between the book value of debt restructuring and the fair value of intangible assets used for mortgage charged to the current profit and loss.

The entry value of the non-monetary assets exchanged into by the non-monetary assets are determined on the basis of the fair value of the assets exchanged out if the exchange of non-monetary assets has commercial nature and the assets exchanged into or out can be reliably measured, unless there is authentic evidence indicating that the fair value of assets exchanged into are more reliable; if the non-monetary assets that cannot meet the above prerequisite use the book value of the assets exchanged out and relevant taxes payable as the cost of the non-monetary assets, the profit and loss is not confirmed.

The entry value of the intangible assets acquired by the absorption merger under the control of one company is determined by the book value of the merged party; the entry value of the intangible assets acquired by the absorption merger that is not under the control of one company is determined by the fair value.

The cost of the intangible assets developed internally includes the materials consumed in developing the assets, cost of service, registration fees, other patent used in developing, amortization of concession and interest charges meeting the capitalization conditions and other direct costs that occur before the intangible assets meeting the predetermined objective.

(2) Subsequent measurement

The Company acquired intangible assets at the time of analysis to determine its life, is divided into a finite useful life and intangible assets with indefinite useful life.

a. The intangible assets that have limited serviceable life are amortized by the straight-line method during the period when the assets can bring about economic interests. The details are as follow:

Items	Useful life	Judging by
Land use rights	50 years	Purchase contract
Software	5-10 years	Predicted useful life

b. 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.

(3) The specific standards of the classification of research and development stages of internal R&D projects of the company

Research stage: the stage of the creative and planned investigation and research activities that is to acquire and understand new scientific or technological knowledge.

Development stage: the stage that the research achievement or other knowledge are applied in some plans or designs for the production of newly or substantially improved materials, devices, products and other activities before the commercial production or usage.

The expenditure of internal research and development projects in the research stage shall be recorded into the current profits and losses when occurring.

(4) The special standards of the conformation of capitalization for the expenditure in development stage

The expenditures of internal research and development projects in the development stage shall be recognized as the intangible assets when the following requirements are simultaneously met:

- a. Complete the intangible assets to make it usable or for sale and have the technical feasibility.
- b. Have the intention to complete the intangible assets for using or sales.
- c. The mode for the economic interest produced by the intangible assets includes the evidence of there being the market for the products produced by the intangible assets or for the intangible assets by self, and the usefulness for the assets used internal.
- d. There are sufficient technical, financial resources and other resources for support to complete the development of the intangible assets and there is ability to use or sell the intangible assets.
- e. The expenditure belong to the intangible assets in the development stage can be reliably measured.

The expenditure in the development stage but above-mentioned requirements not met, shall be recorded into the current profits and losses when occurring. The development expenses recorded into the profits and losses during previous period shall not be recognized again in the future period. The capitalized expenses in the development stage are shown as the development costs on the balance sheet, and shall be transferred to the intangible assets from the date that the project reaching to the intended use.

20. 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:

- ① 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;
- ② 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;
- ③ 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;
- ④ Any evidence shows that the assets have become obsolete or have been damaged substantially;
- ⑤ The assets have been or will be left unused, or terminated for use, or disposed ahead of schedule;
- ⑥ 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;

⑦ 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.

21. Long-term amortizable expenses

The long-term amortizable expense refers to all the expenses that occurred and undertaken in the current period or with the amortization limit of more than 1 year for the company. The long-term amortizable expense shall be amortized within the benefit period according to the direct method.

The details are as follow:

Items	Amortized years	Notes
Rental expenses	30 years	
Decoration expenses and etc.	3 years	

22. Payroll

The payroll means that the enterprise gives various remunerations for obtaining services providing by the employees or other relevant expenses. It includes the short-term compensation, the welfare after demission, the demission welfare and the welfare of the long-term employees.

(1) The short-term compensation

Employee compensation refers to the reward or compensation of various modes provided by the Company which wants to receive the service offering by the employees or to execute the release of the labor relationship. The employee compensation including the short-term salary, departure benefits, demission benefits and other long-term employee benefits.

The short-term compensation actually happened during the accounting period when the active staff offering the

service for the Company should be recognized as liabilities and is included in the current gains and losses or relevant assets cost.

(2) The welfare after demission

The Company divides the departure benefits plan into defined contribution plans and defined benefit plans. Benefits plan of after demission refer to the agreement between the Company and employees on the departure benefits, or the regulations or methods formulated by the Company for providing welfares after demission for the employees. Of which, defined contribution plans refers to the departure benefits plan that the Company no more undertake the further payment obligations after the payment and deposit of the fixed expenses for the independent funds; defined benefit plans refers to the departure benefits plan except for the defined contribution plans.

A. Defined contribution plans

During the accounting period when providing the service for the employees, the Company will recognize the deposited amount as the liabilities which measured by defined contribution plans and

include in the current gains and losses or the relevant assets cost.

B. Defined benefit plans

Other long-term employee benefits the Company had not executed the defined contribution plans or met with the conditions of defined benefit plans.

(3) The demission welfare

When the Company is unable to unilaterally withdraw the plan on the cancellation of labor relationship or the layoff proposal, or when recognizing the costs or expenses related to the reorganization of paying the demission welfare, should recognize the payroll liabilities from the demission welfare and include in the current gains and losses.

(4) The welfare of the long-term employees

The Company provides the other long-term employee benefit for the employees, and for those met with the defined contribution plans, should be disposed according to the above accounting polices of the defined contribution plans; the others except for the former, should be recognized according to above accounting polices of the defined benefit plans and measure the net liabilities or net assets of other long-term employee benefits.

23. Measurement method of estimated debts

(1) Recognition of estimated liabilities

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

That obligation is a current obligation of the enterprise;

b. It is likely to cause any economic benefit to flow out of the enterprise as a result of performance of the obligation;

c. 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.

(2) Accounting of estimated liabilities

Estimated liabilities shall be conducted initial measurement according to the best estimates of related existing liabilities, when the company recognizes the optimum estimation, it shall be in overall consideration of risks, uncertainty and time value of currency and other factors related to contingent matters. When the influence of time value of money is significant, the optimum estimates shall be determined by discounting relevant future cash outflow

The optimum estimates are conducted as follows:

If there is a continuous range (or area) for the necessary expenses and the same result possibility within the range, the optimum estimate is recognized according to the middle value, namely the average of upper limit and lower limit of amount within the range.

If there no exits a continuous range (or area) for the necessary expenses or the different result possibility within the range even if there is a continuous range, and if there are contingent matters related to individual item, the optimum estimate is recognized according to the amount that has most possibility to occur. If there are contingent matters involving multiple items, the optimum estimate is counted and confirmed as per all the possible results and associated probabilities.

It can be recognized separately as assets when estimated liabilities are paid by the company but can be fully or partly compensated by a third party and the compensation mostly sure can be received, which does not exceed the book value of estimated liabilities.

24. Share-based compensation

(1) Share-based compensation types

Share-based compensation divides into equity settlement and cash settlement.

(2) Determining methods for fair value of equity instruments

The fair value of equity instruments such as options granted and existing in the active market can be determined by reference to the quotations in the active market. Otherwise, it is determined by option pricing model, which should take into account the following factors: a. exercise prices of options; b. validity of options; c. current prices of underlying shares; d. estimated volatility of share prices; e. estimated dividends; f. risk-free interest rate of options within validity.

When determining the equity instruments fair value of the granted date, the company considers the impact of the market conditions and non-vesting conditions as specified in Share-based

compensation agreements. If there are non-vesting conditions and employees or any other parties satisfy all non-market vesting conditions (for example, service period), Share-based compensation can be recognized as costs and expenses for received services.

(3) Basis of best exercisable equity instruments estimate

Every balance sheet day during the vesting period, the company makes best estimate according to the most updated number of employees that are eligible to exercise their options and adjusts the quantity of exercisable equity instruments. On vesting dates, the final estimated quantity of exercisable equity instruments is consistent with the actual exercisable quantity.

(4) Accounting treatment for implementation, amendment and termination of share-based compensation

Share-based compensation by equity settlement is calculated according to the fair value of granted equity instruments. The Company can count it in costs and expenses by reference to the fair value of the granted date and increase capital reserve accordingly if it can be exercised immediately after being granted. If it cannot be exercised till services or performance meets the conditions during the vesting period, then on every balance sheet date during the vesting period, received services can be counted in related costs or expenses and capital reserve by reference to best estimates of exercisable equity instruments quantity and its fair value of the granted date. No adjustments will be made on already recognized costs or expenses and ownership equity after vesting dates.

For share-based compensation by cash settlement, the fair value is measured by reference to that of the liabilities determined based the shares or other equity instruments the company undertakes. The company can count it as costs and expenses by reference to the fair value of the granted date and increase liabilities accordingly if it can be exercised immediately after being granted. If it cannot be exercised till services or performance meets the conditions during the vesting period, then on every balance sheet date during the vesting period, received services can be counted in related costs or expenses and liabilities by reference to best estimates of exercisable equity instruments quantity and the fair value of the liabilities the company undertakes. On every balance sheet date and settlement date before the related liabilities are cleared, the fair value is re-calculated and the changes are counted in current profit and loss.

(5) Equity instruments changes and accounting treatment

If the granted equity instruments are cancelled during the vesting period, the company treats it as accelerated vesting and counts in current profit and loss the amounts that should be recognized during the rest vesting period and recognizes capital reserve accordingly at the same time. If employees or other parties can choose but fail to satisfy non-vesting conditions during the vesting period, the Company sees this as cancellation of granted equity instruments.

25. 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) Giving of asset using rights: Income from giving of assets is recognized when satisfying requirements: related economic benefit flows in very possibly, income can be measured reliably.

1) Amount of interest income is calculated according to the time and actual interest rate of the monetary capital is used by other party.

2) Income of using fee is calculated upon the charge period and calculation provided by the related contract or agreement.

(3) Labor revenues

When the results of the transaction of the company could be reliable estimated (that is the total revenues and the total costs of labor service could be reliable measured and the completion degree of the labor service could be reliable with the relevant price accounts could flow in), the company would recognized the realization of the revenues on the settlement date according to the completion percentage method. When the results of the transaction of the company could not be reliable estimated, the company should recognized the revenues on the settlement date according to the labor service cost amount which had occurred and be estimated that could be compensated and include the happened cost in the current gains and losses.

(4) Construction contracts

When the result of the construction contract is able to be evaluated reliably at the balance sheet date,

the income and cost of the contract are recognized on completion percentage basis.

If the result of the construction contract is not able to be evaluated reliably, but the contract cost maybe recovered, the income is recognized at the cost actually recovered, and the cost of the contract is recognized as contract expenses of the current period when it is occurred.

1) Contract progress is recognized at the ratio of accumulative actual cost on the predicted complete cost.

2) In case the expected total cost is greater than the total income, the expected loss will be recognized as expense of the current period. If the construction is in process, the balance is accounted as inventory impairment provision; if the contract is not executed, the balance is accounted as expected liability.

(5) Assets transfers with buy-back conditions

If the company signs buy-back agreement with the purchase party when selling products or transferring other assets, it should make a judgment whether the product sale satisfies revenue recognition conditions. As buy-back after sale is financing transaction, the company does not recognize sales revenue when delivering products or assets. During buy-back, interests are put aside and counted in financial expenses based on the differences between buy-back and sales prices.

26. 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.

27. Deferred income tax assets/Deferred income tax liability

Deferred income tax assets and liabilities are calculated and recognized according to the differences (temporary differences) between the taxation base of assets and liabilities and the book value. As at balance sheet dates, both are calculated at applicable tax rates during the period it is anticipated to take the assets back or clear the liabilities.

(1) References for confirmation of deferred income tax assets

The Company recognizes the deferred tax income assets arising from deductible temporary differences to the limit of the deductible losses and taxable income that it probably would achieve to reduce deductible temporary differences and carry forward. However, it does not recognize those arising from the initial measurements of assets or liabilities in the following transactions.

a. Transactions are not business merge; b. It neither affects the accounting profit nor taxable income or deductible losses while transactions being made.

For the deductible temporary differences related to the investments by associated enterprises, which meet the following conditions, deferred tax assets should be recognized accordingly: the temporary differences are probable to revert in the foreseeable future and it is very likely to achieve taxable income to deduct such differences.

(2) The confirmation basis of deferred income tax liabilities

The Company recognizes the payable but not paid yet taxable temporary differences of current or prior periods as deferred tax liabilities, which exclude the following:

a. The temporary differences that are formed at initial measurement of goodwill;

b. Non-business merge transactions or events that neither affect accounting profits nor the temporary differences arising from taxable income (or deductible losses);

c. The taxable temporary differences related to the investments by the subsidiaries and associated enterprises, which can revert in a controllable timing but will not revert in the foreseeable future.

28. Lease

(1) Accounting of operational leasing

a. The leasing fees paid for the leased assets by the company shall be recorded as the current expense according to the straight-line method in the whole lease term not excluding the rent free

period. The initially direct expense related to the lease transactions paid by the company shall be recognized as the current expense.

When the assets lessor has assumed the lease-related expenses which should be borne by the company, the company shall deduct these expenses from the total amount of rent, amortize in the lease term according to the rents after deducted and record as the current expenses.

b. The leasing fees received for the leased assets by the company shall be recognized as the lease income according to the straight-line method in the whole lease term not excluding the rent free period. The initially direct expense related to the lease transactions paid by the company shall be recognized as the current expense. For a large of amount, it will be capitalized and recorded as the current revenue based on the same confirmation of lease income during the whole lease period.

When the company has assumed the lease-related expenses which should be borne by the lessee, the company shall deduct these expenses from the total amount of rent and amortize in the lease term according to the rents after deducted.

(2) Accounting Method for Financing Leases

a. The assets acquired under financing leases: the lower value between the fair value of leased assets and the present value of the minimum lease payments is recognized as the recorded value, the minimum lease payments are recognized as the recorded value of long-term payables, and the difference is recognized as unrecognized finance expense at the inception of the lease.

The company shall adopt the effective interest method to amortize and record as the financial costs during the assets lease term.

b. Finance leased assets: the company inception of the lease, the finance lease receivables, the difference between the present value and the residual value of its unsecured recognized as unrealized financing income recognized in the respective period of future lease rental income received, initial direct costs related to the transaction with the rental companies, and included in the initial measurement of the finance lease receivable and reduce the amount of revenue recognized over the lease term.

29. Changes in significant accounting policies and estimates

(1) Change of main accounting policies

In 2014, the Ministry of Finance issued and amended a series of enterprise accounting standards. As required, the company started from July 1, 2014 to execute such new accounting standards and make adjustments on its financial statements. It has produced the following effects on financial statements:

a. Long term equity investments

According to the regulations of the new accounting standards No.2 -Long-term Equity Investment, for the equity instruments equity without control or jointly control or significant influence as well as without quotation in the active market and the fair value could not be reliable measured, should be presented as the available for sale financial assets measured by the cost from the presentation of the long-term equity investment items. The following is the effects of retrospective adjustments:

Names	Shareholding(%)	Equity belong to the parent company of 1-1-2013	31-12-2013		Equity belong to the parent company
			Long term equity investment	Available for sale financial assets	
Liaoning Mike Group Co., Ltd.	3.57%		-1,020,000.00	1,020,000.00	
Guotai Junan Securities Co., Ltd.	0.49%		-28,516,730.11	28,516,730.11	
Guotai Junan Investment Management Co., Ltd.	0.22%		-368,710.09	368,710.09	
Thermo King Container Temperature Control (Suzhou) Co., Ltd.	17.8%		-11,207,806.00	11,207,806.00	
Dalian Bingshan Group Material Trade Co., Ltd.	5%		-250,000.00	250,000.00	
Wuhan Steel and Electric Co., Ltd.	0.056%		-1,315,142.50	1,315,142.50	
Dalian Sanyo Home Appliance Co., Ltd.	10.91%				
Liaoning Enterprises United Industry Company	4.2%				
Zibo Traction Motor Co., Ltd.	0.76%				
Total			-42,678,388.70	42,678,388.70	

The investment cost of Dalian Sanyo Home Appliance Co., Ltd. was RMB11,694,400.00, the investment cost of Liaoning Enterprises United Industry Company was RMB105,000.00 and the investment cost of Zibo Traction Motor Co., Ltd. was RMB 849,000.00. Total amount of their investment costs were taken provision for impairment.

b. Effects on financial statements

1) In accordance with the new accounting standards No.30 – Presentation of Financial Statements, other comprehensive proceeds and currency translation differences that originally are counted in capital reserve shall be reported as other comprehensive incomes item and the year beginning amounts shall be adjusted retrospectively and reported. The following is the effects of retrospective adjustments:

Items	1-1-2013		31-12-2013	
	Before adjustment	After adjustment	Before adjustment	After adjustment
Capital reserve	2,783,286.72		2,783,286.72	
Other comprehensive incomes		2,783,286.72		2,783,286.72
Total	2,783,286.72	2,783,286.72	2,783,286.72	2,783,286.72

2) In accordance with the new accounting standards No.30 – Presentation of Financial Statements, deferred incomes shall be separately reported and the year beginning amounts shall be adjusted retrospectively and reported. The following is the effects of retrospective adjustments:

Items	1-1-2013		31-12-2013	
	Before adjustment	After adjustment	Before adjustment	After adjustment
Deferred income		74,974,459.79		68,326,440.60
Other Non-current liability	73,275,358.79		66,627,339.60	
Current portion of non-current liabilities	1,699,101.00		1,699,101.00	
Total	74,974,459.79	74,974,459.79	68,326,440.60	68,326,440.60

(2) Change of main accounting estimations

Not applicable.

V. 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. Local education surtax is 2% of turnover tax payable.

6. Income tax

(1)The parent company's income tax was measured at 15%.

(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 2014 are as follows:

Names of the entities	Relationship with the Company	Applicable income tax rate in 2012
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	25%
Wuhan New World Refrigeration Industrial Co., Ltd. ("WNWRI")	Subsidiary	15%

The parent company was affirmed to be hi-tech enterprise by Dalian Municipal Bureau of Science and Technology, Dalian Municipal Bureau of Finance, the State Administration of Taxation Dalian Municipal Office and Dalian Local Taxation Bureau, and WNWRI was affirmed to be hi-tech enterprise by Wuhan Municipal Bureau of Science and Technology, Wuhan Municipal Bureau of Finance, the State Administration of Taxation Wuhan Municipal Office and Wuhan Local Taxation Bureau. Their applicable income tax rates were 15% for 2014.

VI. Notes to the consolidated financial statements

1 Monetary fund

Items	31-12-2014	31-12-2013
Cash on hand	67,783.07	99,455.92
Cash in bank	457,395,413.41	493,056,269.04
Other monetary fund	51,048,269.54	19,747,988.17
Total	508,511,466.02	512,903,713.13

As at 31 December, 2014, there is no pledged, frozen or withdrawn with potential risk amount.

The restrained amount of monetary fund is shown as below.

Items	31-12-2014	31-12-2013
Deposit for bank acceptances	46,780,736.99	9,564,552.78
Deposit for letter of credit	2,860,552.55	
Deposit for letter of guarantee	1,406,980.00	
Cash in bank for warrant		1,000,000.00
Total	51,048,269.54	10,564,552.78

2 Notes receivable

Items	31-12-2014	31-12-2013
Bank acceptance	4,111,157.06	30,403,946.87
Trade acceptance	10,744,800.64	9,423,084.90
Total	14,855,957.70	39,827,031.77

(1) There is no pledged notes receivable at the end of the current year.

(2) The notes receivable endorsed but not matured at the end of the current year.

Items	The derecognition amount	Not derecognition amount
Bank acceptance	147,302,462.61	
Trade acceptance	15,254,138.94	
Total	162,556,601.55	

(3) There were no notes transferred to accounts receivable at the end of the current year because of the drawer of note not keeping the appointment.

(4) The reason of the ending balance of notes receivable decreased 62.70% compared with the beginning balance was notes endorsed and expired withdrawn.

3 Accounts receivable

(1) Classification

Categories	31-12-2014				Book value
	Balance		Provision for doubtful debts		
	Amount	Proportion (%)	Amount	Proportion (%)	
Major single amount and bad debt provision provided individually					
Bad debt provided on group basis	555,119,550.49	100	116,238,720.37	20.94	438,880,830.12
Minor single amount but bad debt provision provided individually					
Total	555,119,550.49	100	116,238,720.37	20.94	438,880,830.12

Continued:

Categories	31-12-2013				Book value
	Balance		Provision for doubtful debts		
	Amount	Proportion (%)	Amount	Proportion (%)	
Major single amount and bad debt provision provided individually					
Bad debt provided on group basis	468,499,323.02	100	98,786,576.32	21.09	369,712,746.70
Minor single amount but bad debt provision provided individually					
Total	468,499,323.02	100	98,786,576.32	21.09	369,712,746.70

Accounts receivable which bad debt provisions are provided on age basis in the group

Account ages	31-12-2014		
	Amount	Provision for bad debts	Proportion rates (%)
Within 1 year	310,327,487.09	15,516,374.35	5
1 to 2 years	89,131,027.45	8,913,102.75	10
2 to 3 years	64,152,762.65	19,245,828.79	30
3 to 4 years	33,297,226.82	16,648,613.41	50
4 to 5 years	11,481,227.03	9,184,981.62	80
Over 5 years	46,729,819.45	46,729,819.45	100
Total	555,119,550.49	116,238,720.37	

(2) Provision for bad debts accrued, regain or switch back in the period

In the current period, RMB 21,259,720.47 were accrued provision for bad debts, and RMB 49,800.00 were regained.

Receivable accounts written off before but regained during the current year:

Companies	Received amount	Regained form	Notes
Hebei Hengshui Beer Co., Kyushu	39,800.00	Bank deposits	Keeping Collection
Lunan Pharmaceutical Group Limited by Share Ltd	10,000.00	Bank deposits	Keeping Collection
Total	49,800.00		

(3) Accounts receivable being written-off during the current period

Items	Written off amount
58 Clients	3,857,376.42

The reasons of accounts receivable being written-off include termination of operation and disability of payment, winning lawsuits but not finding executable assets, small balance being not collected for long time, and disagreement rework charges etc, and the accounts receivable being written-off during the current period was permitted by the board of directors.

(4) Top 5 on amount of accounts receivable

Companies	Amount	Proportion (%)	Provision for bad debts
Dalian Xinghai Bay Development and Construction Management Centre	11,242,693.00	2.03	11,242,693.00
COFCO Meat (Suqian) Co., Ltd.	9,478,265.85	1.71	2,811,817.76
FAW Foundry Co., Ltd.	8,660,748.76	1.56	433,037.44
Chongqing BOE Optoelectronics Technology Co., Ltd.	8,398,341.00	1.51	419,917.05
Yili Twinings Biological Technology Co., Ltd.	7,174,812.00	1.29	358,740.60
Total	44,954,860.61	8.10	15,266,205.85

4 Advances to suppliers

(1) The aging of advances to suppliers

Account ages	31-12-2014		31-12-2013	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	18,897,672.41	99.18	24,786,019.32	95.21

1 to 2 years	121,597.34	0.64	64,112.00	0.25
2 to 3 years	6,000.00	0.03	1,178,768.00	4.53
3 to 4 years	28,000.00	0.15	2,487.00	0.01
Total	19,053,269.75	100	26,031,386.32	100

(4) Top 5 on amount of advances to suppliers

Companies	Amount	Proportion (%)	Ages	Reasons
Dalian Bingshan Engineering & Trading Co., Ltd.	2,698,283.12	14.16	2014	Prepayment for goods
State Grid Liaoning Electric Power Co., Ltd. Dalian Power Supply Company	1,605,611.67	8.43	2014	Prepayment for goods
Dalian Mingxin Refrigeration Insulation Materials Co., Ltd.	1,449,045.16	7.61	2014	Prepayment for goods
Shanxi Liansheng Electromechanical Engineering Co., Ltd.	949,271.88	4.98	2014	Prepayment for goods
Dalian Jiangong Mechanical and Electrical Installation Engineering Co., Ltd.	843,214.40	4.43	2014	Prepayment for goods
Total	7,545,426.23	39.61		

5 Interest receivable

Items	31-12-2014	31-12-2013
Interest on Term Deposits	4,998,982.40	3,603,594.85
Total	4,998,982.40	3,603,594.85

The reason of the ending balance of interest receivable increased 38.72% compared with the beginning balance was term deposits increased.

6 Dividends receivable

Names	31-12-2014	31-12-2013
Wuhan Steel and Electricity Co., Ltd.		33,450.00
Total		33,450.00

The reason of the ending balance of dividends receivable increased 100% compared with the beginning balance was dividends received.

7 Other accounts receivable

(1) Classification

Items	31-12-2014				Book value
	Balance		Provision for doubtful debts		
	Amount	Proportion (%)	Amount	Proportion (%)	
Major single amount and bad debt provision provided individually					
Bad debt provided on group basis	39,244,121.02	100	4,977,677.00	12.68	34,266,444.02
Minor single amount but bad debt provision provided individually					
Total	39,244,121.02	100	4,977,677.00	12.68	34,266,444.02

Continued:

Items	31-12-2013				
	Balance		Provision for doubtful debts		Book value
	Amount	Proportion (%)	Amount	Proportion (%)	
Major single amount and bad debt provision provided individually					
Bad debt provided on group basis	31,792,976.68	100	7,278,236.61	22.89	24,514,740.07
Minor single amount but bad debt provision provided individually					
Total	31,792,976.68	100	7,278,236.61	22.89	24,514,740.07

There is no major single amount and bad debt provision provided individually.

Other accounts receivable which bad debt provisions are provided on age basis in the group:

Account ages	31-12-2014		
	Amount	Provision for bad debts	Proportion rates (%)
Within 1 year	31,839,403.31	1,591,970.14	5
1 to 2 years	2,524,741.83	252,474.19	10
2 to 3 years	1,681,349.00	504,404.70	30
3 to 4 years	766,987.15	383,493.58	50
4 to 5 years	931,526.69	745,221.35	80
Over 5 years	1,500,113.04	1,500,113.04	100
Total	39,244,121.02	4,977,677.00	

(2) Provision for bad debts accrued, regain or switch back in the period

In the current period, RMB 2,294,096.91 were accrued provision for bad debts, and no bad debts were regained.

(3) The write-off of other accounts receivable during the current year

Items	Written off amounts
5 Clients	6,462.70

The write-off other accounts receivable was written off by Ningbo Refrigeration Air Conditioner Engineering Co., Ltd. And the reason was not being collected for long time.

(4) The nature of other accounts receivable

Items	31-12-2014	31-12-2013
Guarantee deposits	25,442,507.63	6,065,075.76
Petty cash	4,758,015.42	4,849,521.38
To or fro accounts	3,954,641.30	11,178,801.13
Prepayments over settlement periods	4,047,765.86	9,180,737.59
Others	1,041,190.81	518,840.82
Total	39,244,121.02	31,792,976.68

(5) Top 5 on amount of other accounts receivable

Companies	Contents	Amount	Ages	Proportion (%)	Provision for bad debts
Dalian Tianbao Green Food Co. Ltd	Performance bonds	18,000,000.00	Less than 1 year	45.87	900,000.00
Dalian Tianyi Info-Technology Co., Ltd.	Prepayments over settlement periods	1,779,500.00	1-2 years	4.53	177,950.00
Tianjin Construction Team Communication Service Center	Wage deposits of migrant workers	1,000,000.00	Over 5 years	2.55	1,000,000.00
Dalian Xinhuari Refrigerating and Insulation Equipment Co. Ltd.	Guarantee deposits	635,100.00	Less than 1 year	1.62	31,755.00
Dalian Detai Town Gas China Co., Ltd.	Deposits in security	600,000.00	Less than 1 year , 1-2 years	1.53	35,000.00
Total		22,014,600.00		56.10	2,144,705.00

(6) The reason of the ending balance of other accounts receivable increased 23.44% compared with the beginning balance was performance bonds increased.

8 Inventories

(1) Costs

Items	31-12-2014			31-12-2013		
	Book balance	Provision for impairment of inventories	Book value	Book balance	Provision for impairment of inventories	Book value
Raw materials	51,805,680.92	7,463,862.07	44,341,818.85	47,474,131.66	8,311,074.35	39,163,057.31
Materials on consignment for further processing	2,394,839.67		2,394,839.67	8,211,392.69		8,211,392.69
Low-value consumptions	81,422.57		81,422.57	128,405.67		128,405.67
Work-in-progress	81,736,391.62	1,192,940.12	80,543,451.50	91,806,242.88	2,148,729.50	89,657,513.38
Self-manufactured semi-finished products	27,189,545.15	2,532,083.34	24,657,461.81	33,279,512.91	4,024,041.73	29,255,471.18
Finished goods	124,845,367.55	2,884,241.52	121,961,126.03	135,195,482.98	3,291,858.85	131,903,624.13
Constructing projects	40,898,986.13		40,898,986.13	27,211,543.05		27,211,543.05
Total	328,952,233.61	14,073,127.05	314,879,106.56	343,306,711.84	17,775,704.43	325,531,007.41

(2) Provision for impairment of inventories

Items	31-12-2013	Current year addition		Current year disposal			31-12-2014
		Provision	Others	Reversal	Written-off	Others	
Finished goods	3,291,858.85	58,533.17			466,150.50		2,884,241.52
Raw materials	8,311,074.35				847,212.28		7,463,862.07
Work-in-progress	2,148,729.50	131,218.80			1,087,008.18		1,192,940.12
Self-manufactured semi-finished products	4,024,041.73				1,491,958.39		2,532,083.34
Total	17,775,704.43	189,751.97			3,892,329.35		14,073,127.05

(3) At the end of current period, the company tested inventories and withdrew provision for the

difference between the cost and the lower net realizable value.

9 Other current assets

Items	31-12-2014	31-12-2013
Enterprise income tax prepaid	1,400,309.96	73,111.98
Prepaid expenses	934,829.83	922,487.82
Total	2,335,139.79	995,599.80

The reason of the ending balance of other current accounts increased 134.55% compared with the beginning balance was enterprise income tax prepaid increased.

10 Available for sale financial assets

Items	31-12-2014			31-12-2013		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Debt instruments available for sale						
Equity instruments available for sale						
Measured by fair value						
Measured by cost	47,653,159.50	5,224,770.80	42,428,388.70	59,597,559.50	16,919,170.80	42,678,388.70
Others						
Total	47,653,159.50	5,224,770.80	42,428,388.70	59,597,559.50	16,919,170.80	42,678,388.70

(1) Equity instruments available for sale measured by cost at the end of current year

Names	Shareholding (%)	Book balance			
		Beginning balance	Increased during current year	Decreased during current year	Ending balance
Liaoning Mike Group Co., Ltd.	3.57%	1,020,000.00			1,020,000.00
Guotai Junan Securities Co., Ltd.	0.49%	30,098,895.00			30,098,895.00
Guotai Junan Investment Management Co., Ltd.	0.22%	3,057,316.00			3,057,316.00
Thermo King Container Temperature Control (Suzhou) Co., Ltd.	17.8%	11,207,806.00			11,207,806.00
Dalian Bingshan Group Material Trade Co., Ltd.	5%	250,000.00		250,000.00	
Wuhan Steel and Electric Co., Ltd.	0.056%	1,315,142.50			1,315,142.50
Dalian Sanyo Home Appliance Co., Ltd.	10.91%	11,694,400.00		11,694,400.00	
Liaoning Enterprises United Industry Company	4.2%	105,000.00			105,000.00
Zibo Traction Motor Co., Ltd.	0.76%	849,000.00			849,000.00
Total		59,597,559.50		11,944,400.00	47,653,159.50

Continued:

Names	Provision for impairment			Ending balance	Cash dividends during the current period
	Beginning balance	Increased during current year	Decreased during current year		
Liaoning Mike Group Co., Ltd.					250,000.00
Guotai Junan Securities Co., Ltd.	1,582,164.89			1,582,164.89	1,504,944.75
Guotai Junan Investment Management Co., Ltd.	2,688,605.91			2,688,605.91	
Thermo King Container Temperature Control (Suzhou) Co., Ltd.					
Dalian Bingshan Group Material Trade Co., Ltd.					
Wuhan Steel and Electric Co., Ltd.					
Dalian Sanyo Home Appliance Co., Ltd.	11,694,400.00		11,694,400.00		
Liaoning Enterprises United Industry Company	105,000.00			105,000.00	
Zibo Traction Motor Co., Ltd.	849,000.00			849,000.00	
Total	16,919,170.80		11,694,400.00	5,224,770.80	1,754,944.75

1. On 15th August, 2014, Dalian Bingshan Group Material Trade Co., Ltd. having been approved to cancel the registration by the Administration of Industry and Commerce of Dalian.

2. On 20th October, 2014, Dalian Sanyo Home Appliance Co., Ltd. having been approved to cancel the registration by the Administration of Industry and Commerce of Dalian Economic and Technology Development Zone.

11 Long-term equity investments

Name	Beginning balance	Increase/Decrease						Ending balance	Provision for impairment
		Increased	Decreased	Gains and losses recognized under the equity method	Adjustment of other comprehensive income	Changes of other equity	Cash bonus or profits announced to		
I Joint venture									
Dalian Bingshan – P&A Recreation Development Engineering Co., Ltd.	3,474,153.38			579,766.59			500,000.00	3,553,919.97	
Dalian Jiale Vending Machine Operation Co., Ltd.	14,333,183.59		14,318,183.59		-15,000.00				
subtotal	17,807,336.97		14,318,183.59	579,766.59	-15,000.00		500,000.00	3,553,919.97	
II Associates									
Dalian Bingshan Engineering & Trading Co., Ltd.	13,138,080.92			1,298,904.65			720,000.00	13,716,985.57	
Panasonic Refrigeration (Dalian) Co., Ltd.	150,937,123.13			8,088,963.14			3,200,000.00	155,826,086.27	
Dalian Honjo Chemical Co., Ltd.	9,452,973.22			1,203,061.36			1,252,121.40	9,403,913.18	
Panasonic Cold-Chain (Dalian) Co., Ltd.	215,712,008.04			7,861,598.44			8,000,000.00	215,573,606.48	
Keinin-Grand Ocean Thermal Technology (Dalian) Co., Ltd.	40,403,428.77			10,730,513.62			8,800,000.00	42,333,942.39	
Panasonic Compressor (Dalian) Co., Ltd.	385,481,730.63			63,033,275.77			16,000,000.00	432,515,006.40	
Dalian Sanyo Meica Electronics Co., Ltd.	23,373,393.16			-139,544.45				23,233,848.71	
MHI Bingshan Refrigeration (Dalian) Co., Ltd.	22,500,000.00	13,500,000.00		-6,705,912.37				29,294,087.63	
Beijing Huashang Bingshan Refrigeration and Air-conditioning Machinery Co., Ltd.	1,175,056.73			250,932.89				1,425,989.62	

Name	Beginning balance	Increase/Decrease						Ending balance	Provision for impairment
		Increased	Decreased	Gains and losses recognized under the equity method	Adjustment of other comprehensive income	Changes of other equity	Cash bonus or profits announced to issue		
Dalian Fuji Bingshan Vending Machine Co., Ltd.	77,258,663.86			14,800,175.10			2,161,995.35	89,896,843.61	
Dalian Sanyo High-Efficient Refrigeration System Co., Ltd.	22,028,814.51			426,694.51				22,455,509.02	
subtotal	961,461,272.97	13,500,000.00		100,848,662.66			40,134,116.75	1,035,675,818.88	
Total	979,268,609.94	13,500,000.00	14,318,183.59	101,428,429.25	-15,000.00		40,634,116.75	1,039,229,738.85	

- (1) On 11th April, 2013, the 2nd meeting of the 6th session of the Company's Board of Directors decided to establish the joint-venture MHI Bingshan Refrigeration (Dalian) Co., Ltd. with Japan Mitsubishi Heavy Industry Co., Ltd. The Company invested RMB 36,000,000.00 and held 45% equity. The joint-venture received the investment of investors on 22nd November, 2013, and 19th December, 2014, and got the No (2013) 109 and No (2014)052 Capital Certification Reports of Dalian Changde Gongzheng CPAs on 25th November, 2013 and 24th December, 2014 respectively.
- (2) On 22nd October, 2013, the 6th meeting of the 6th session of the Company's Board of Directors permitted the Company and Fuji Electricity Co., Ltd. transferring all the equity of Dalian Jiale Vending Machine Operation Co., Ltd. to the independent third party Shanghai Miyuan Beverage Co., Ltd. respectively. The Company received the transfer price RMB15,000,000.00 on 9th January, 2014.
- (3) On 24th April, 2014, Dalian Sanyo Cold-Chain Co., Ltd was renamed Panasonic Cold-Chain (Dalian) Co., Ltd. On 23rd September, 2014, Dalian Sanyo Refrigeration Co., Ltd was renamed Panasonic Refrigeration (Dalian) Co., Ltd. And on 4th December, 2014, Dalian Sanyo Compressor Co., Ltd was renamed Panasonic Compressor (Dalian) Co., Ltd.

12 Investment property

(1) Investment property details

Items	Buildings	Land-use-rights	Construction in progress	Total
1. Original value				
(1) Beginning balance				
(2) Current year addition	25,259,944.57			25,259,944.57
Outsourcing				
Transferred from Inventories\Fixed asset-original cost\Construction in progress	25,259,944.57			25,259,944.57
Enterprise merger increase				
Shareholders invest				
Transferred from other				
(3) Current year disposal				
disposal				
Transferred to other				
(4) Ending balance	25,259,944.57			25,259,944.57
2. Accumulated depreciation				
(1) Beginning balance				
(2) Current year addition	151,035.57			151,035.57
provision or amortization	151,035.57			151,035.57
Enterprise merger increase				
Transferred from other				
(3) Current year disposal				
disposal				
Transferred to other				
(4) Ending balance	151,035.57			151,035.57
3. Provision for impairment				
(1) Beginning balance				
(2) Current year addition				
provision or amortization				
Enterprise merger increase				
Transferred from other				
(3) Current year disposal				
disposal				
Transferred to other				
(4) Ending balance				
4. Book value				
(1) Ending book value	25,108,909.00			25,108,909.00
(2) Beginning book value				

(2) Investment property without owner's certificates

Items	Book value	Reasons
# 6 workshop building on No. 106 Liaohe East Rd, Dalian Economic and Technology Development Zone	25,108,909.00	Final accounts uncompleted
Total	25,108,909.00	

(3) Explanation of investment property

On 31st July, 2014, the company signed rental contract with MHI Bingshan Refrigeration (Dalian) Co., Ltd., and rent # 6 workshop building located on No. 106 Liaohe East Rd, Dalian Economic and Technology Development Zone to MHI Bingshan Refrigeration (Dalian) Co., Ltd. The rental area is 15,259.04 square meters, and annual rent is RMB 4.2 million since 15th August, 2014 to 16th July, 2029.

13 Fixed assets

(1) Fixed assets details

Items	Buildings	Machinery	Vehicles	Other equipments	Total
1. Original value					
(1) Beginning balance	324,921,042.20	546,287,932.41	26,339,639.82	16,412,474.41	913,961,088.84
(2) Current year addition	52,308,973.73	25,935,859.75	1,124,469.55	2,246,765.03	81,616,068.06
Purchased	7,400.00	2,743,671.84	589,178.22	1,791,415.67	5,131,665.73
Transferred from Construction in progress	52,301,573.73	23,192,187.91	335,291.33	455,349.36	76,284,402.33
Enterprises merger					
Shareholders investment					
Leased in from financing					
Other transferred in			200,000.00		200,000.00
(3) Current year reduction	25,259,944.57	4,035,087.19	2,172,303.45	216,481.69	31,683,816.90
Disposal		4,035,087.19	2,172,303.45	216,481.69	6,423,872.33
Leased out from financing					
Other transferred out	25,259,944.57				25,259,944.57
(4) Ending balance	351,970,071.36	568,188,704.97	25,291,805.92	18,442,757.75	963,893,340.00
2. Accumulated depreciation					
(1) Beginning balance	114,110,616.94	374,910,428.66	14,176,230.80	12,684,702.49	515,881,978.89
(2) Current year addition	8,012,595.94	25,544,174.67	2,228,530.68	893,464.82	36,678,766.11
Provision	8,012,595.94	25,544,174.67	2,228,530.68	893,464.82	36,678,766.11
Enterprises merger increased					
Other transferred in					
(3) Current year disposal	151,035.57	3,405,677.63	1,501,700.79	194,490.04	5,252,904.03
Disposal		3,405,677.63	1,501,700.79	194,490.04	5,101,868.46
Leased out from financing					
Other transferred out	151,035.57				151,035.57

Items	Buildings	Machinery	Vehicles	Other equipments	Total
(4)Ending balance	121,972,177.31	397,048,925.70	14,903,060.69	13,383,677.27	547,307,840.97
3..Provision for impairment					
(1)Beginning balance		2,812,966.25			2,812,966.25
(2)Current year addition					
Withdrew					
Enterprises merger increase					
Other transferred in					
(3)Current year disposal		520,736.53			520,736.53
Disposal		520,736.53			520,736.53
Leased out from financing					
Other transferred out					
(4)Ending balance		2,292,229.72			2,292,229.72
4.Net Book value					
(1)Ending book value	229,997,894.05	168,847,549.55	10,388,745.23	5,059,080.48	414,293,269.31
(2)Beginning book value	210,810,425.26	168,564,537.50	12,163,409.02	3,727,771.92	395,266,143.70

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

(3) Fixed assets without owner's certificates

Items	Book value	Reasons
Buildings	66,404,116.43	Final accounts uncopleted
Total	66,404,116.43	

(4) Other transferred out of fixed assets was # 6 workshop building located on No. 106 Liaohe East Rd, Dalian Economic and Technology Development Zone rented to MHI Bingshan Refrigeration (Dalian) Co., Ltd., and transferred to investment property.

(5) Wuhan New World Refrigeration Industrial Co., Ltd. borrowed RMB60,000,000 from bank and mortgaged with its buildings ,machinery and land-use-rights with total book value RMB176,551,454.00 which included book value of buildings RMB77,495,086.60 and book value of machinery RMB43,893,987.40. Please refer to the note V.18.

14 Project in construction

(1) Details

Items	Budget	Balance of 31-12-2013	Increased during current year	Transferred into fixed assets during current year	Other decreased during current year	Balance of 31-12-2014	Sources of funds	Percentage of completion
Buildings renovation	353,080,000	66,977,556.15	23,357,211.63	72,740,717.67	2,000,868.14	17,594,050.11	Internally generated funds	5
Machinery	1,000,000	1,485,266.93	4,980,685.22	5,544,552.80		921,399.35	Internally generated funds	92
Total	354,080,000	68,462,823.08	28,337,896.85	78,285,270.47	2,000,868.14	18,515,449.46		

(2) No interests capitalized during the current period.

(3) There was no provision for impairment needed withdrawn.

(4) Other decreased during current year RMB2,000,868.14 was transferred to Long-term deferred expenses during the current period.

(5) The reason of the ending balance decreased 72.96% compared with the beginning balance was part of buildings renovation finished and transferred to fixed assets.

15 Intangible assets

(1) Intangible assets details

Items	Land-use-rights	Knowhow	Others	Total
1. Original value				
(1)Beginning balance	176,504,398.53	515,224.41	6,972,101.51	183,991,724.45
(2)Current year addition			3,051,645.93	3,051,645.93
Purchase			3,051,645.93	3,051,645.93
Internal research and development				
Enterprises merger increase				
Shareholders invest				
Other transferred in				
(3)Current year disposal				
Disposal				
Other transferred out				
(4)Ending balance	176,504,398.53	515,224.41	10,023,747.44	187,043,370.38
2. Amortization				
(1)Beginning balance	25,336,568.19	515,224.41	2,949,701.34	28,801,493.94
(2)Current year addition	3,530,087.70		798,478.49	4,328,566.19
Provision	3,530,087.70		798,478.49	4,328,566.19
Enterprises merger increase				
Other transferred in				
(3)Current year disposal				
Disposal				
Other transferred out				
(4)Ending balance	28,866,655.89	515,224.41	3,748,179.83	33,130,060.13
3. Provision for impairment				
(1)Beginning balance				
(2)Current year addition				
Withdraw				
Enterprises merger increase				
Other transferred in				
(3)Current year disposal				
Disposal				
Other transferred out				

Items	Land-use-rights	Knowhow	Others	Total
(4)Ending balance				
4.Net book value				
(1)Ending book value	147,637,742.64		6,275,567.61	153,913,310.25
(2)Beginning book value	151,167,830.34		4,022,400.17	155,190,230.51

(2) There were no intangible assets increased by internal research and development.

(3) Please refer to the note V.18 for land-use-rights mortgaged.

16 Long-term deferred expenses

Items	31-12-2013	Increased during current year	Amortized during current year	Other decrease	31-12-2014
Employee's dormitory use right	2,843,040.30		138,478.32		2,704,561.98
Renovation and rebuilding	927,007.46	2,768,859.23	610,224.31		3,085,642.38
Inspection services	131,701.95		48,507.32		83,194.63
Total	3,901,749.71	2,768,859.23	797,209.95		5,873,398.99

The reason of the ending balance decreased 50.53% compared with the beginning balance was field offices buildings renovation finished and transferred in.

17 Deferred income tax assets/Deferred income tax liabilities

(1) Deferred income tax assets had not been off-set

Items	31-12-2014		31-12-2013	
	Deductible temporary difference	Deferred tax assets	Deductible temporary difference	Deferred tax liabilities
Provision for assets impairment	98,014,616.89	16,786,587.33	86,914,303.24	19,469,019.20
Total	98,014,616.89	16,786,587.33	86,914,303.24	19,469,019.20

(2) Temporary difference which not recognized deferred income tax assets

Items	31-12-2014	31-12-2013
Provision for impairment	44,791,908.06	56,658,351.17
Deductible losses	9,725,928.72	5,693,415.01
Total	54,517,836.78	62,351,766.18

The temporary difference was not recognized as deferred income tax assets, because it is uncertain if there will be enough taxable income.

(3) Deductible losses of unrecognized deferred income tax assets will due the following years

Items	31-12-2014	31-12-2013	Notes
2017	975,555.72	975,555.72	
2018	4,717,859.29	4,717,859.29	
2019	4,032,513.71		
Total	9,725,928.72	5,693,415.01	

18 Short-term loans

Terms of loans	31-12-2014	31-12-2013
Mortgage loan	60,000,000.00	37,500,000.00
Total	60,000,000.00	37,500,000.00

(1) Wuhan New World Refrigeration Industrial Co., Ltd. borrowed short-term loan RMB60,000,000 from bank and mortgaged with its buildings, machinery and land-use-rights.

(2) The reason of the ending balance increased 60% compared with the beginning balance was short-term loan of Wuhan New World Refrigeration Industrial Co., Ltd. increased.

19 Notes payable

Items	31-12-2014	31-12-2013
Bank acceptance notes	103,304,788.06	47,070,444.13
Trade acceptance notes	6,241,714.55	33,223,071.04
Total	109,546,502.61	80,293,515.17

The reason of the ending balance increased 36.43% compared with the beginning balance was settlements of purchase by notes payable increased.

20Accounts payable

Items	31-12-2014	31-12-2013
Payable for materials	475,503,139.38	449,341,421.71
Payable for projects	6,919,723.26	1,531,626.63
Payable for equipments	28,653,675.18	13,990,216.67
Total	511,076,537.82	464,863,265.01

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

21 Accounts received in advance

(1) Details

Items	31-12-2014	31-12-2013
Advances on sales	137,629,315.42	177,238,388.99
Total	137,629,315.42	177,238,388.99

(2) Accounts received in advance aged over 1 year

Items	31-12-2014	Reasons
Inner Mongolia Datang Dingwang Chemical Co. Ltd.	1,962,000.00	Unsettled contract payments on sets projects
Jiangsu Ruixiang Chemical Co., Ltd.	1,563,950.00	Unsettled contract payments on sets projects
Yanzhou Coal Mine Yishan Chemical Co., Ltd.	960,135.60	Unsettled contract payments on sets projects
Total	4,486,085.60	

22 Payroll payable

(1) Details

Items	31-12-2013	Increased during current year	Decreased during current year	31-12-2014
Short-term salary	53,580,031.02	245,471,325.80	243,057,719.55	55,993,637.27
Departure welfare-defined contribution plans		33,363,929.11	33,363,929.11	
Termination benefits		271,381.83	271,381.83	
Other welfare due within 1 year				
Total	53,580,031.02	279,106,636.74	276,693,030.49	55,993,637.27

(2) Short-term salary

Items	31-12-2013	Increased during current year	Decreased during current year	31-12-2014
1. Wages and salaries, bonuses, allowances and subsidies	24,272,411.57	197,939,456.34	196,641,638.24	25,570,229.67
2. Staff welfare	24,712,862.37	10,829,503.27	10,336,491.44	25,205,874.20
3. Social insurance	1,639,866.75	14,185,712.16	14,126,788.76	1,698,790.15
Including: ① Medical insurance		11,979,221.79	11,979,221.79	
② Work-related injury insurance		909,689.36	909,689.36	
③ Maternity insurance		450,543.26	450,543.26	
④ Housing subsidies	1,639,866.75	846,257.75	787,334.35	1,698,790.15
4. Housing funds	2,044,853.42	18,534,516.38	18,112,934.68	2,466,435.12
5. Labor union fund and employee education fee	910,036.91	3,613,773.65	3,471,502.43	1,052,308.13
6. Non-currency welfare		368,364.00	368,364.00	
Total	53,580,031.02	245,471,325.80	243,057,719.55	55,993,637.27

The non-currency welfare of the current year was amortization of long-term expenses of employee's dormitory use right, and dining hall expenses and etc.

(3) Defined contribution plans

Items	31-12-2013	Increased during current year	Decreased during current year	31-12-2014
Basic retirement pension		27,745,122.61	27,745,122.61	
Unemployment insurance		2,017,030.09	2,017,030.09	
Heating fees		3,601,776.41	3,601,776.41	
Total		33,363,929.11	33,363,929.11	

The company took part in the government's basic retirement pension and unemployment insurance according to the related legislation, and paid the insurance expenses every month and recorded as expenses or costs of assets. There was no other obligation of payment.

(4) There was no amount delay paid at the end of the current year.

23 Taxes payable

Items	31-12-2014	31-12-2013
Value-added tax	-3,127,955.12	2,725,964.48
Business tax	1,991,177.27	1,890,363.25
Enterprise income tax	2,568,733.67	14,915,676.15
Individual income tax	396,325.29	717,852.43
City maintenance and construction tax	291,424.15	531,714.02
Building taxes		373,581.64
Land use tax	217,274.87	434,549.74
Education surtax	110,082.07	175,079.78
Local education surtax	67,685.90	110,906.70
Water project fund/River route maintenance fee	11,139.52	547,873.15
Safeguard fund for disables	544.00	420.00
Dike maintenance fee	13,509.20	28,920.27
Stamp duty	102,788.87	44,629.25
Total	2,642,729.69	22,497,530.86

The reason of the ending balance decreased 88.25% compared with the beginning balance was enterprise income tax payable and value-added tax payable decreased.

24 Dividend payable

Name of investors	31-12-2014	31-12-2013	Reasons
Legal person shareholders	533,156.00	2,053,911.36	Some shareholders not claimed.
Total	533,156.00	2,053,911.36	

The reason of the ending balance decreased 74.04% compared with the beginning balance was dividends paid.

25 Other accounts payable

(1) Details

Items	31-12-2014	31-12-2013
Loan from non-financial institutes	18,096,524.00	17,400,000.00
Cash pledge and security deposit	13,721,523.03	11,803,857.91
Apply for reimbursement and unpaid	14,117,136.22	20,706,573.79
Cash from related parties	510,097.66	565,329.49
Receipts under custody	11,164,903.53	319,789.37
Others	2,465,629.60	1,133,813.47
Total	60,075,814.04	51,929,364.03

(2) Major amount aging over 1 year

Name of investors	31-12-2014	Unpaid reason
Dalian Bingshan Group Co., Ltd.	10,000,000.00	Subsidiary company borrowed for removal and reconstruction
Total	10,000,000.00	

26 Deferred revenue

Items	31-12-2013	Increased during current year	Decreased during current year	31-12-2014	Reasons
Associated with assets	52,776,495.00		1,699,101.00	51,077,394.00	
Associated with earnings	15,549,945.60		13,853,455.41	1,696,490.19	
Total	68,326,440.60		15,552,556.41	52,773,884.19	

(1) Subsidy from government

Liabilities	31-12-2013	Increase d during current year	Converted to non-business incomes during current year	Other decrease	31-12-2014	Notes
Subsidy fund for highly effective heat pump and related system	4,874,495.00		585,101.00		4,289,394.00	Associated with the asset
Contribution to subsidiary company relocation	47,902,000.00		1,114,000.00		46,788,000.00	Associated with the asset
Big capacity of sea water pre-freeze project of Project 863	15,549,945.60		3,433,455.41	10,420,000.00	1,696,490.19	
Total	68,326,440.60		5,132,556.41	10,420,000.00	52,773,884.19	

(2) Other explanations

Other decrease of big capacity of sea water pre-freeze project of Project 863 RMB 10,420,000.00 was paid to other research institutions according to the task contract of Ministry of Science and Technology.

27 Share capitals

Items	31-12-2013	Issuance of new shares	Shares converted from reserve	Others	31-12-2014
I. Non-circulating share capital with restricted trade conditions	19,221,526.00			2,925.00	19,224,451.00
1. State-owned shares					
2. Shares held by domestic legal persons	19,213,921.00				19,213,921.00
3. Other domestic shares	7,605.00			2,925.00	10,530.00
Including: Shares held by domestic natural person	7,605.00			2,925.00	10,530.00
II. Circulating share capital	330,708,941.00			-2,925.00	330,790,524.00
1. Domestically listed ordinary shares (A-share)	215,793,449.00			-2,925.00	215,790,524.00
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

The non-circulating share capital of Dalian Bingshan Group Co., Ltd. circulated on 21st January, 2011, but Dalian Bingshan Group Co., Ltd. declared that these shares would not be listed to sell in

the Shenzhen Stock Exchange within 60 months after the circulating date. Base on the promise, the Company will apply to unlock these shares until the Company practices management equity incentive.

28 Capital surpluses

Items	31-12-2013	Increased during current year	Decreased during current year	31-12-2014
Capital premium	515,188,976.98			515,188,976.98
Other capital surplus	66,889,019.51	210,009.80		67,099,029.31
Total	582,077,996.49	210,009.80		582,288,006.29

Other capital surplus increased during current year was earnings from sold of odd lots.

29 Other comprehensive income

Items	31-12-2013	2014					31-12-2014
		Amount for the period before income tax	Less: Previously recognized in profit or loss in other comprehensive income	Less: income tax	After-tax attribute to the parent company	After-tax attribute to minority shareholder	
I. Later can't reclassified into profit and loss of other comprehensive income							
II. Later reclassified into profit and loss of other comprehensive income							
1、 Later reclassified into profit and loss of other comprehensive income of long term investments accounting by equity method	2,783,286.72		15,000.00		15,000.00	2,768,286.72	
2、 Changes in fair value recognized in gains and losses of the available-for-sale financial assets							
3、 Foreign currency translation differences of financial statements							
Total	2,783,286.72		15,000.00		15,000.00	2,768,286.72	

30 Surplus reserves

Items	31-12-2013	Increased during current year	Decreased during current year	31-12-2014
Statutory surplus reserves	261,485,947.00	11,189,497.95		272,675,444.95
Other reserved capital	244,047,118.25	29,065,684.79		273,112,803.04
Total	505,533,065.25	40,255,182.74		545,788,247.99

The increase of the surplus reserves were because the statutory reserved capital RMB11,189,497.95 was withdrawn on the basis of 10% of the company's net profit of year 2014 and the other reserved capital RMB29,065,684.79 was withdrawn on the basis of 20% of the company's net profit of 2013 according to the resolution of the General Meeting of Shareholders of year 2013.

31 Retained earnings

Items	2014	Extraction or allocation proportion
Retained earnings at the end of prior year	466,608,867.00	
Add: Changes in accounting policies		
At beginning of the year after retrospective adjustment	466,608,867.00	
Add: Net profit of the current period	115,439,722.39	
Less: Appropriation of statutory surplus reserves	11,189,497.95	10% of net profit of parent company
Appropriation of other reserved capital	29,065,684.79	20% of net profit of year 2013
Appropriation of employee's welfare and bonus fund in foreign invested company	3,123,420.27	
Cash dividends	52,502,246.25	RMB 0.15 per share of year 2013
Dividends transferred to share capital		
Retained earnings at the end of the current year	486,167,740.13	

32 Total operating income and operating cost

(1) Total operating income and cost

Items	2014		2013	
	Income	Cost	Income	Cost
Key business	1,405,820,529.51	1,065,329,668.79	1,517,271,251.60	1,149,272,794.08
Other business	19,895,067.45	21,220,983.94	18,435,659.65	17,728,208.67
Total	1,425,715,596.96	1,086,550,652.73	1,535,706,911.25	1,167,001,002.75

33 Taxes and surcharges

Items	2014	2013
Business tax	2,311,815.61	1,620,199.26
City maintenance and construction tax	5,367,351.03	6,943,068.86
Education surtax	2,300,699.68	2,809,809.19
Local education surtax	1,536,768.24	1,769,485.46
Dike maintenance fee	192,113.07	253,132.56
Others	810.40	
Total	11,709,558.03	13,395,695.33

34 Selling and distribution expenses

Items	2014	2013
Handle official business expenses	10,742,606.13	10,995,574.34
Salaries and subsidies	53,725,627.39	43,671,276.16
Depreciation expenses	503,348.47	534,867.59
Transportations expenses	15,263,039.31	18,329,442.69
Entertainment expenses	12,113,438.28	15,232,708.03
Traveling expenses	19,162,210.69	22,658,477.21
Maintenance and repair expenses	9,767,507.33	7,012,387.41
Advertisement and bids expenses	914,413.58	1,157,448.96
Others	1,078,638.43	628,458.37
Total	123,270,829.61	120,220,640.76

35 Administrative expenses

Items	2014	2013
Handle official business expenses	16,976,681.67	17,930,227.98
Salaries and subsidies	106,154,455.88	98,199,562.43
Depreciation expenses	7,379,598.57	6,941,443.83
Transportations expenses	353,692.74	449,579.80
Entertainment expenses	3,703,698.39	5,063,935.14
Traveling expenses	2,982,426.76	5,720,931.13
Maintenance and repair expenses	5,936,182.46	5,488,204.42
Advertisement expenses	786,515.44	590,472.83
Other taxes and fees	8,667,319.24	10,784,752.67
Insurance expenses	2,905,336.91	3,404,042.46
Research and development expenses	16,744,651.31	16,543,061.97
Amortization of long term assets	4,454,384.51	4,358,271.30
Design consultant and test service expenses	4,514,765.97	692,855.48
Others	4,141,351.60	2,247,458.06
Total	185,701,061.45	178,414,799.50

36 Financial expenses

Items	2014	2013
Interest expenses	4,063,705.65	3,486,491.68
Less:Interest income	11,410,822.81	9,713,153.86
Losses on exchange(Less: Gain on exchange)	688,169.98	-43,918.61
Other expenses	544,748.14	437,974.58
Total	-6,114,199.04	-5,832,606.21

37 Impairment losses

Items	2014	2013
Provision for bad debts	18,965,623.56	9,990,751.21
Provision for obsolete inventories	189,751.97	8,591,062.66
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	19,155,375.53	18,581,813.87

38 Gain/ (loss) from investment

(1) Details

Items	2014	2013
Calculated by equity method	101,428,429.25	90,138,921.23
Calculated by cost method		
Gain from disposal associated company	681,816.41	-2,130,588.28
Gain from holding of financial assets available for sale	1,793,969.75	533,450.00
Gain from disposal financial assets available for sale	36,617.40	
Total	103,940,832.81	88,541,782.95

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

39 Non-business incomes

(1)Details

Items	2014	2013	The amount recorded in non-recurring gains and losses of current period
Gain on the disposal of non-current assets	390,490.35	42,478,670.13	390,490.35
Penalty and fine income	1,138,950.84	224,978.40	1,138,950.84
Subsidy fund from government	7,457,380.75	2,681,117.07	6,731,300.00
Deferred income	5,132,556.41	8,388,019.19	3,433,455.41
Debts need not paid	563,891.43	1,212,570.63	563,891.43
Others	483,180.61	80,007.30	483,180.61
Total	15,166,450.39	55,065,362.72	12,741,268.64

(2) Subsidy fund from government

Items	2014	2013	Explanations
Subsidy for information construction from Dalian Municipal Bureau of Finance		150,000.00	Related to gain
Aid for patent from Dalian Intellectual Property Service Centre	1,500.00	1,500.00	Related to gain
Subsidy of economic support policy	76,300.00	20,300.00	Related to gain
Subsidy for social security		268,554.84	Related to gain
Subsidy for circular economy project		150,000.00	Related to gain
Award for QC team		3,000.00	Related to gain
Aid for patent from Wuhan Intellectual Property Bureau		6,700.00	Related to gain
Subsidy and award for patent			Related to gain
Mayor's Quality Award			Related to gain

Items	2014	2013	Explanations
Financial incentive award for increasing production and sales			Related to gain
Subsidy for science and technology development			Related to gain
Subsidy for small and medium-sized enterprises exploiting international market			Related to gain
Financial award for export		1,832.02	Related to gain
Taxes given back	726,080.75	2,079,230.21	Related to gain
International market developing fund for small and mid size enterprises	20,000.00		Related to gain
Subsidy for the first set of important technology equipment	5,600,000.00		Related to gain
Reward for promoting increase of industry of year 2014	1,025,000.00		Related to gain
Subsidy for patent from Wuhan Intellectual Property Bureau	1,500.00		Related to gain
Subsidy for disposal of useless vehicles	7,000.00		Related to gain
Total	7,457,380.75	2,681,117.07	

The reason of current period amount decreased 72.46% compared with last period was gain on disposal of land use right last year.

40 Non-business expenses

Items	2014	2013	The amount recorded in non-recurring gains and losses of current period
Loss on the disposal of non-current assets	412,897.02	2,391,111.76	412,897.02
Fines and penalties	29,513.98	223,561.51	29,513.98
Others	119,121.64	172,882.63	119,121.64
Total	561,532.64	2,787,555.90	561,532.64

The reason of current period amount decreased 79.86% compared with last period was loss on disposal of cast workshop last year.

41 Income tax expenses

(1) Details:

Items	2014	2013
Current income tax expense	6,786,355.61	27,329,745.66
Deferred income tax expense	2,682,431.87	-1,546,216.71
Total	9,468,787.48	25,783,528.95

(2) Adjustment process of accounting profit and income tax expense

Items	2014
Total profits	123,988,069.21
Current income tax expense accounted by tax and relevant regulations	18,598,210.38
Influence of different tax rate suitable to subsidiary	2,495,888.18
Influence of income tax before adjustment	-448,754.85
Influence of non taxable income	-15,679,283.06
Influence of not deductible costs, expenses and losses	1,016,903.67

Items	2014
Influence of deductible losses of deferred income tax assets derecognized used in previous period	1,324,972.49
Influence of deductible temporary difference or deductible losses of deferred income tax assets derecognized in reporting period.	2,160,850.67
Income tax expenses	9,468,787.48

(3) Other explanation

The reason of current period amount of income tax expense decreased 63.28% compared with last period was income tax rate of the company changed from 25% to 15% because of being affirmed to be hi-tech enterprise. The subsidiary company Dalian Bingshan Guardian Automation Co., Ltd was not affirmed to be hi-tech enterprise during current period, and the income tax rate changed from 15% to 25%.

42 Relevant information about cash flow statement

(1) Other cash received relating to operating activities

Items	2014	2013
Government grants	6,722,800.00	601,886.86
Received travel expense receivable	1,516,117.27	144,151.92
Deposit received	13,940,611.00	12,487,300.47
Received amount paid on behalf of related companies	705,562.72	491,705.07
interest income	9,972,394.64	6,387,003.45
Others	4,492,792.37	652,608.03
Total	7,350,278.00	20,764,655.80

(2) Other cash paid relating to operating activities

Items	2014	2013
Borrowing of travel expense	3,579,202.08	1,910,956.05
Deposit paid	26,539,861.00	18,589,434.86
Expenditure	99,074,957.27	105,925,234.58
Bank handling charges	501,204.64	435,970.84
Others	2,712,084.92	2,568,790.16
Total	132,407,309.91	129,430,386.49

(3) Cash receipts related to other financing activities

Items	2014	2013
Guarantee money took back	10,844,272.75	
Total	10,844,272.75	

(4) Other cash paid relating to financing activities

Items	2014	2013
Interests on discount of bill acceptance	83,527.50	28,496.45
Guarantee money paid	32,953,876.63	
Total	33,037,404.13	28,496.45

43 Complementary information for consolidated cash flow statement

(1) The relationship between the net profit and the net cash flows from operating activities

Items	2014	2013
1. Reconciliation from the net profit to the cash flows from operating activities		
Net profit	114,519,281.73	158,961,626.07
Add: Provisions for assets impairment	19,155,375.53	18,581,813.87
Depreciation of fixed assets	36,829,801.68	35,771,708.12
Amortization of intangible assets	4,328,566.19	4,221,094.69
Amortization of long-term deferred expenses	797,209.95	330,987.74
Losses on disposal of fixed assets, intangible assets and other long-term assets	-551,138.66	-39,296,435.28
Losses on scrapping of fixed assets	-144,888.48	1,339,465.19
Losses on variation of fair value		
Finance expenses	4,273,314.16	3,442,573.07
Investment losses	-103,222,399.00	-90,672,371.23
Decrease in deferred tax assets	2,682,431.87	-1,546,216.71
Increase in deferred tax liabilities		
Decrease in inventory	14,354,478.23	67,628,044.19
Decrease in operating receivables	-61,319,139.33	-64,778,163.84
Increase in operating payables	-3,207,121.40	-86,353,669.44
Others		
Net cash flows from operating activities	28,495,772.47	7,630,456.44
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	475,557,589.39	502,339,160.35
Less: Cash at the beginning of the period	502,339,160.35	525,818,735.46
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	-26,781,570.96	-23,479,575.11

(2) Cash and cash equivalents

Items	2014	2013
1. Cash	475,557,589.39	502,339,160.35
Including: cash on hand	67,783.07	99,455.92
Bank deposits that can be used for payment whenever necessary	457,395,413.41	492,056,269.04
Other monetary capital that can be used for payment whenever necessary	18,094,392.91	10,183,435.39
2. Cash equivalents		
Including: Bonds mature within 3 months		
3. Balance of cash and cash equivalents at the end of the year	475,557,589.39	502,339,160.35
Including: Cash or cash equivalents which was restricted in use of the Company and subsidiaries in the group		

44 The assets with the ownership or use right restricted

Items	31-12-2014	Reasons
Monetary fund	51,048,269.54	Guarantee money
Fixed assets	121,389,074.00	Subsidiaries' assets mortgaged for loans
Intangible assets	55,162,380.00	Subsidiaries' assets mortgaged for loans
Total	227,599,723.54	

45 Foreign currency monetary items

Items	Ending balance of Original currency	Exchange rate	Ending balance of RMB equivalent
Monetary fund			
Included: USD	14,918.41	6.1190	91,285.75
EUR	5.60	7.4556	41.75
JPY	162,614.00	0.051371	8,353.65
GBP	239,261.14	9.5437	2,283,436.54
Accounts receivable			
Included: GBP	270,216.08	9.5437	2,578,861.20
Accounts payable			
Included: GBP	36,399.28	9.5437	347,383.81

VII. Changes of consolidation scope

There was no change of consolidation scope during the current period.

VIII. Equity in other entities

1. Equity in subsidiary

(1) The structure of the enterprise group

Name of subsidiaries	Main business address	Registered address	Business nature	Shareholding (%)		Obtaining method
				Direct	Indirect	
Dalian Bingshan Group Refrigeration Installation Co., Ltd. ("Installation Company")	Dalian	Dalian	Installation	100		Establish
Dalian Bingshan Group Sales Co., Ltd. ("Sales Company")	Dalian	Dalian	Trading	100		Establish
Dalian Bingshan Air-Conditioning Equipment Co., Ltd. ("Bingshan Air-Conditioning")	Dalian	Dalian	Manufacturing	70		Establish
Dalian Bingshan Metal Processing Co., Ltd. ("Metal Processing")	Dalian	Dalian	Manufacturing	64.25		Establish
Dalian Bingshan Guardian Automation Co., Ltd.	Dalian	Dalian	Manufacturing	60		Establish
Dalian Bingshan Ryosetsu Quick Freezing Equipment Co., Ltd.	Dalian	Dalian	Manufacturing	70		Establish
Wuhan New World Refrigeration Industrial Co., Ltd. ("WNWRI")	Wuhan	Wuhan	Manufacturing	51		Purchase
Bingshan technical service (dalian) Co., Ltd.	Dalian	Dalian	Services	60		Establish

Name of subsidiaries	Main business	Registered address	Business nature	Shareholding (%)		Obtaining method
Wuhan New World Refrigeration Air Conditioner Engineering Co., Ltd.	Wuhan	Wuhan	Installation	5	95	Establish
Ningbo Bingshan Refrigeration Air Conditioner Engineering Co., Ltd.	Ningbo	Ningbo	Installation		51	Establish

① All the holding proportion in subsidiaries were the same with voting proportion;

② The company held over 50% voting proportion in subsidiaries;

③ The company could control these subsidiaries;

④ By the solution of the 12th meeting of 6th session of Board of Directors of the company, the company will establish a joint company with Dalian Bingshan International Trade Co., Ltd. The new company named Bingshan Technology Service (Dalian) Co., Ltd., and the registered capital is RMB 20,000,000.00. The company will invest RMB 12,000,000.00 and hold 60% of shareholding proportion. As at 31st December 2014, Bingshan Technology Service (Dalian) Co., Ltd. got the business license, but not received the capital and not started to operate and not included in the company's consolidated statements.

(2) Important Non-wholly-owned Subsidiary

Name of subsidiaries	Shareholding of minority shareholders(%)	Profit\loss attributable to minority shareholders	Current pay dividends to minority shareholders	Accumulative equity of minority shareholders 31-12-2014	Notes
Wuhan New World Refrigeration Industrial Co., Ltd.	49	-2,576,963.66		59,826,762.62	

(3) The main financial information of subsidiaries

Name of subsidiaries	31-12-2014					
	Current assets	No-current assets	Total assets	Current liabilities	No-current liabilities	Total liabilities
Wuhan New World Refrigeration Industrial Co., Ltd.	24,968.78	20,184.66	45,153.44	26,886.27	4,678.80	31,565.07

Continued:

Name of subsidiaries	31-12-2013					
	Current assets	No-current assets	Total assets	Current liabilities	No-current liabilities	Total liabilities
Wuhan New World Refrigeration Industrial Co., Ltd.	25,072.10	19,899.42	44,971.52	26,170.22	4,790.20	30,960.42

Continued:

Name of subsidiaries	2014				2013			
	Operating income	The total amount of comprehensive income	Total comprehensive income	Cash flows from operating activities	Operating income	The total amount of comprehensive income	Total comprehensive income	Cash flows from operating activities
Wuhan New World Refrigeration Industrial Co., Ltd.	27,122.23	-315.44	-315.44	1,449.86	37,365.44	1,067.66	1,067.66	-611.13

2. The transaction of the company with its owner's equity share changed but still controlling the subsidiary

(1) Note to owner’s equity share changed in subsidiaries

By the solution of the 11th meeting of 6th session of Board of Directors of the company , the company purchased 10% shareholdings of Dalian Bingshan Group Sales Co., Ltd., and Dalian Bingshan Group Sales Co., Ltd. became a whole holding subsidiary of the company. The company would transfer 30% shareholdings of Dalian Bingshan Group Sales Co., Ltd. to Wuhan New World Refrigeration Industrial Co., Ltd., but the equity transaction did not finish at the end of year 2014, and the company held 100% shareholdings of Dalian Bingshan Group Sales Co., Ltd. in the financial statements of 2014.

By the solution of the 12th meeting of 6th session of Board of Directors of the company , the company would purchase the subsidiary Dalian Bingshan Metal Processing Co., Ltd., but the equity transaction did not finish at the end of year 2014.

(2) The transaction’s influence to equity of minority shareholders and attributable to the owner's equity of the parent company

Items	Dalian Bingshan Group Sales Co., Ltd. (“Sales Company”)
Cash	2,281,000.00
Total Purchase cost	2,281,000.00
Less: Net assets calculated by the proportion of shareholding of the transaction	2,281,000.00
Difference	-

By the solution of the 11th meeting of 6th session of Board of Directors of the company , the company purchased 10% shareholdings of Dalian Bingshan Group Sales Co., Ltd. The transaction price based on the net assets at 31th December 2013 RMB22.81 million was determined RMB2.281 million.

3. Equity in joint venture arrangement or associated enterprise

(1)The important of joint ventures or affiliated companies

Name of joint ventures or affiliated companies	Main business address	Registered address	Business nature	Shareholding (%)		Accounting methods
				Direct	Indirect	
Joint ventures:						
Dalian Bingshan – P&A Recreation Development Engineering Co., Ltd	Dalian	Dalian	Installation	50%		Equity method
Affiliated companies:						
Panasonic Cold-chain (Dalian) Co., Ltd	Dalian	Dalian	Manufacturing	40%		Equity method
Panasonic Compressor (Dalian) Co., Ltd	Dalian	Dalian	Manufacturing	40%		Equity method
Dalian Fuji Bingshan Vending Machine Co., Ltd.	Dalian	Dalian	Manufacturing	49%		Equity method

- ①All the holding proportion in subsidiaries were the same with voting proportion;
- ②The company had no important influence to joint venture or affiliated company with voting proportion held by the company under 20% ;
- ③ There was no joint venture or affiliated company with voting proportion held by the company over 20%, but the company had no important influence.

(2) The main financial information of joint ventures

Items	31-12-2014/2014	31-12-2013/2013
Current assets	11,558,920.00	13,419,001.73
Including: Cash and cash equivalents	2,892,025.92	433,712.57
Non-current assets	213,621.85	265,352.79
Assets total	11,772,541.85	13,684,354.52
Current liabilities	4,616,122.53	6,681,585.76
Non-current liabilities		
Total liabilities	4,616,122.53	6,681,585.76
Minority interests		
Equity to the parent company	7,156,419.32	7,002,768.76
Net assets calculated according to the shareholding proportions	3,578,209.66	3,501,384.38
Adjusting events		
—Goodwill		
—Unrealized profits of insider trading		
—Employee's welfare and bonus fund in foreign invested company	-24,289.69	-27,231.00
Book value of equity investment of joint ventures	3,553,919.97	3,474,153.38
Fair value of equity investment with public offer		
Operating income	17,925,040.13	22,867,641.63
Finance expenses	-4,324.02	-1,442.89
Income tax	309,263.49	267,781.83
Net profit	971,587.74	544,620.00
Other comprehensive income		
Total comprehensive income	971,587.74	544,620.00
The dividends received from joint ventures during current year	500,000.00	

(3) The main financial information of affiliated companies

Items	31-12-2014/2014		
	Panasonic Cold-chain (Dalian) Co., Ltd	Panasonic Compressor (Dalian) Co., Ltd	Dalian Fuji Bingshan Vending Machine Co., Ltd.
Current assets	924,187,273.25	1,533,547,513.54	201,931,675.02
Non-current assets	322,882,931.13	358,157,107.39	62,589,896.32
Total assets	1,247,070,204.38	1,891,704,620.93	264,521,571.34
Current liabilities	717,528,722.26	796,714,218.88	77,636,760.15
Non-current liabilities			3,421,865.04
Total liabilities	717,528,722.26	796,714,218.88	81,058,625.19
Minority interests			
Equity to the parent company	529,541,482.12	1,094,990,402.05	183,462,946.15

Items	31-12-2014/2014		
	Panasonic Cold-chain (Dalian) Co., Ltd	Panasonic Compressor (Dalian) Co., Ltd	Dalian Fuji Bingshan Vending Machine Co., Ltd.
Net assets calculated according to the shareholding proportions	211,816,592.84	437,996,160.82	89,896,843.61
Adjusting events			
—Goodwill	4,440,630.90		
—Unrealized profits of insider tradings			
—Employee's welfare and bonus fund in foreign invested company	-683,617.26	-5,481,154.41	
Book value of equity investment of affiliated companies	215,573,606.48	432,515,006.40	89,896,843.61
Fair value of equity investment with public offer			
Operating income	1,689,304,466.33	2,433,075,590.63	375,618,136.05
Net profit	21,363,039.25	171,286,075.45	30,204,438.98
Net profit of discontinuing operation			
Other comprehensive income			
Total comprehensive income	21,363,039.25	171,286,075.45	30,204,438.98
The current dividends received from joint ventures	8,000,000.00	16,000,000.00	2,161,995.35

Continued:

Items	31-12-2013/2013		
	Panasonic Cold-chain (Dalian) Co., Ltd	Panasonic Compressor (Dalian) Co., Ltd	Dalian Fuji Bingshan Vending Machine Co., Ltd.
Current assets	897,556,703.90	1,486,343,576.21	162,900,105.76
Non-current assets	332,856,683.97	384,808,407.82	69,193,240.76
Total assets	1,230,413,387.87	1,871,151,984.03	232,093,346.52
Current liabilities	700,698,827.30	894,114,009.71	70,566,891.79
Non-current liabilities			3,855,712.15
Total liabilities	700,698,827.30	894,114,009.71	74,422,603.94
Minority interests			
Equity to the parent company	529,714,560.57	977,037,974.32	157,670,742.58
Net assets calculated according to the shareholding proportions	211,885,824.22	390,815,189.72	77,258,663.86
Adjusting events			
—Goodwill	4,440,630.90		
—Unrealized profits of insider tradings			
—Employee's welfare and bonus fund in foreign invested company	-614,447.08	-5,333,459.09	
Book value of equity investment of affiliated companies	215,712,008.04	385,481,730.63	77,258,663.86
Fair value of equity investment with public offer			
Operating income	1,693,773,283.13	2,422,381,452.08	263,339,407.85
Net profit	19,201,471.20	166,670,596.53	14,707,451.37

Items	31-12-2013/2013		
	Panasonic Cold-chain (Dalian) Co., Ltd	Panasonic Compressor (Dalian) Co., Ltd	Dalian Fuji Bingshan Vending Machine Co., Ltd.
Net profit of discontinuing operation			
Other comprehensive income			
Total comprehensive income	19,201,471.20	166,670,596.53	14,707,451.37
The current dividends received from joint ventures	8,000,000.00	24,400,000.00	

(4) Summary financial information of insignificant affiliated companies

Items	31-12-2014/2014	31-12-2013/2013
Total book value of investment of affiliated companies	297,690,362.39	283,008,870.44
The total of following items according to the shareholding proportions	—	—
Net profit	16,869,672.64	16,258,481.51
Other comprehensive income		
Total comprehensive income	16,869,672.64	16,258,481.51

(5) No significant restrictions of the ability of joint venture or associated enterprise transfer funds to the company.

(6) No excess loss of joint venture or associated enterprise.

(7) No commitment related to joint venture or affiliated company needed disclose.

(8) No Contingent liabilities related to joint venture or affiliated company needed disclose.

IX. The risk related financial instruments

The Company faces a variety of financial risks in the course of operation: credit risk, liquidity risk and market risk (mainly exchange risk and interest rate risk). The objective of the company's risk management is to obtain a proper balance between the risks and benefits, reduce the risks' negative impact on the company's operating performance.

1. Credit risk

The credit risk of the company included monetary fund, accounts receivable, notes receivable and other accounts receivable etc. The management made credit policies and supervised changes of these credit exposure.

The company's working capital was in bank with higher credit rating, so there was no significant credit risk, nor significant losses due to the default of other entity.

Company mainly faces customer credit risk caused by the credit sale. The Company would make an evaluation on new customers' credit risk before signing new contracts, which includes external credit rating and bank reference letter (when available) under certain circumstances. The Company sets quota on credit sale for each customer and such quota is the maximum amount without additional approvals. As at 31st December 2014, the big five customers of accounts receivable was 8.10% of total accounts receivable, and as at 31st December 2013 that was 11.75%.

Except guarantee events disclosed in the notes, there was no other credit risk of guarantee of the company.

2. Liquidity risk

Liquidity risk was referred to the risk of shortage of funds incurred when the enterprise perform the obligation of settlement by cash or other financial assets.

The financial department of the company continued to monitors the short term or long term capital needs to ensure maintain plenty of cash flow. And the same time they also monitor the condition of bank loan agreements and obtain commitments from banks to provide plenty of fund.

As at 31st December 2014, the company's financial assets and financial liabilities in line with non discount cash flow of the contracts as following:

Items	31-12-2014					
	Book value	Original value of the book	Within 1 year	1-2 years	2-5 years	Over 5 years
Monetary fund	508,511,466.02	508,511,466.02	508,511,466.02			
Notes receivable	14,855,957.70	14,855,957.70	14,855,957.70			
Accounts receivable	438,880,830.12	555,119,550.49	555,119,550.49			
Interest receivable	4,998,982.40	4,998,982.40	4,998,982.40			
Other receivables	34,266,444.02	39,244,121.02	39,244,121.02			
Available for sale financial assets	42,428,388.70	47,653,159.50				47,653,159.50
Subtotal	1,043,942,068.96	1,170,383,237.13	1,001,513,680.26			47,653,159.50
Short-term borrowings	60,000,000.00	60,000,000.00	60,000,000.00			
Notes payable	109,546,502.61	109,546,502.61	109,546,502.61			
Accounts payable	511,076,537.82	511,076,537.82	511,076,537.82			
Employees' compensation payable	55,993,637.27	55,993,637.27	55,993,637.27			
Taxes payable	2,642,729.69	2,642,729.69	2,642,729.69			
Dividend payable	533,156.00	533,156.00	533,156.00			
Other payables	60,075,814.04	60,075,814.04	60,075,814.04			
Subtotal	799,868,377.43	799,868,377.43	799,868,377.43			

Continued:

Items	31-12-2013					
	Book value	Original value of the book	Within 1 year	1-2 years	2-5 years	Over 5 years
Monetary fund	512,903,713.13	512,903,713.13	512,903,713.13			
Notes receivable	39,827,031.77	39,827,031.77	39,827,031.77			
Accounts receivable	369,712,746.70	468,499,323.02	468,499,323.02			
Interest receivable	3,603,594.85	3,603,594.85	3,603,594.85			
Dividends receivable	33,450.00	33,450.00	33,450.00			
Other receivables	24,514,740.07	31,792,976.68	31,792,976.68			
Available for sale financial assets	42,678,388.70	59,597,559.50				59,597,559.50
Subtotal	993,273,665.22	1,116,257,648.95	950,595,276.52			59,597,559.50
Short-term borrowings	37,500,000.00	37,500,000.00	37,500,000.00			
Notes payable	80,293,515.17	80,293,515.17	80,293,515.17			
Accounts payable	464,863,265.01	464,863,265.01	464,863,265.01			
Employees' compensation payable	53,580,031.02	53,580,031.02	53,580,031.02			
Taxes payable	22,497,530.86	22,497,530.86	22,497,530.86			

Items	31-12-2013					
	Book value	Original value of the book	Within 1 year	1-2 years	2-5 years	Over 5 years
Dividend payable	2,053,911.36	2,053,911.36	2,053,911.36			
Other payables	51,929,364.03	51,929,364.03	51,929,364.03			
Subtotal	712,717,617.45	712,717,617.45	712,717,617.45			

3. Market risk

(1) Exchange rate risk

Most of the company's business located in China, and settled with RMB. But the company defined exchange rate risk of foreign currency assets and future foreign currency transaction (mainly including USD, JPY, HKD and GBP). The financial department of the company monitors the company's foreign currency transaction and the scale of foreign assets and liabilities, and decreases exchange rate risk.

① During the current year the company didn't buy any forward foreign exchange contract or swap contract.

② As at 31st December 2014, the company's foreign currency assets and foreign currency liabilities listed in RMB as following:

Items	31-12-2014				
	USD	JPY	GBP	EUR	Total
Foreign currency financial assets,					
Monetary fund	91,285.75	8,353.65	2,283,436.54	41.75	2,383,117.69
Notes receivable			2,578,861.20		2,578,861.20
Subtotal	91,285.75	8,353.65	4,862,297.74	41.75	4,961,978.89
Foreign currency financial liability					
Accounts payable			347,383.81		347,383.81
Subtotal			347,383.81		347,383.81

Continued:

Items	31-12-2013				
	USD	JPY	GBP	EUR	Total
Foreign currency financial assets,					
Monetary fund	81,017.14	60,331.08	275,488.95	47.15	416,884.32
Notes receivable			876,712.57		876,712.57
Subtotal	81,017.14	60,331.08	1,152,201.52	47.15	1,293,596.89
Foreign currency financial liability					
Accounts payable			147,777.10		147,777.10
Subtotal			147,777.10		147,777.10

③ The sensitive analysis:

As at 31st December 2014, because the company's foreign currency assets or liabilities were small, the change of foreign exchange rate had little impact to the company's net profit or shareholders' equity.

(2) Interest rate risk

The interest risk of the Group incurred from bank loan, interest rate risk of a floating interest rate of

financial liabilities that lead to the company facing cash flow interest rate risk, financial liabilities with a fixed interest rate lead to the company facing cash flow interest rate risk. The company determined the proportion of fixed interest rate and floating interest rate according the current market circumstance. As at 1st December 2014, the subsidiary of the company Wuhan New World Refrigeration Industrial Co., Ltd. borrowed short term loan RMB 60,000,000.00 with fixed interest rate.

The financial department of the company continuously monitors the interest rates level, and the management would make some adjustment to face interest rate increasing.

The sensitive analysis:

Base on the assumption of interest rate change of 50 BP, the company's net profit of year 2014 will increase or decrease RMB 300,000.00

X. Related Parties Relationships and Transactions

1 Information of the company's parent company

Name of enterprise	Registered address	Nature of business	Registered capital	The parent company's shareholding	The parent company's voting right
Dalian Bingshan Group Co., Ltd.	Dalian	Manufacture	140,600,000.00	21.96%	21.96%

(1) Information of the company's parent company

Dalian Bingshan Group Co., Ltd. Is a sino-foreign joint venture located No.888 Xinan Road, Shahekou District, Dalian, China. The legal representative person of Dalian Bingshan Group Co., Ltd. Is Homma Tetsuro, and the registered capital is RMB140.6 million. The registered business operation period is from 3rd July 1985 to 2nd July 2035. The business scope include research, development, manufacture, sales, service and installment of refrigeration product, freezing and cooling product, different size of air-conditioners, petrochemical equipment, electronic and electronic control product, home electronic appliance, environment protect equipment and etc. (Business needed administrative permission must have the administrative license.)

(2) The ultimate controller is the State-owned Assets Supervision and Administration Commission of People's Government of Dalian.

2 The information of the subsidiaries please refers to VIII.1 of this note.

3 The information of the affiliated company and joint venture please refers to VIII.3 of this note.

The companies had related party transaction with the company during the current period or had transaction balance at the end of last period, including:

Names of the joint ventures or affiliated companies	Relationships with the Company
Dalian Bingshan – P&A Recreation Development Engineering Co., Ltd	Joint venture of the Company
Dalian Bingshan Engineering & Trading Co. , Ltd	Affiliated company of the Company
Panasonic Refrigeration (Dalian) Co., Ltd	Affiliated company of the Company
Dalian Honjo Chemical Co., Ltd	Affiliated company of the Company
Panasonic Cold-chain (Dalian) Co., Ltd	Affiliated company of the Company
Keinin-Grand Ocean Thermal Technology (Dalian) Co., Ltd	Affiliated company of the Company
Panasonic compressor (Dalian) Co., Ltd	Affiliated company of the Company
Dalian Sanyo Meica Electronics Co., Ltd	Affiliated company of the Company
Beijing Huashang Bingshan Refrigeration and Air-conditioning Machinery Co., Ltd	Affiliated company of the Company
Dalian Fuji Bingshan Vending Machine Co., Ltd	Affiliated company of the Company

Names of the joint ventures or affiliated companies	Relationships with the Company
Dalian Sanyo High-Efficient Refrigeration System Co., Ltd	Affiliated company of the Company
MHI Bingshan Refrigeration (Dalian) Co., Ltd	Affiliated company of the Company

4 Other type of the related parties

Names of the related parties	Relationships with the Company
Dalian Bingshan Group Refrigeration Equipment Co., Ltd	Subsidiary of Dalian Bingshan Group
Dalian Third Refrigeration Equipment Factory	Subsidiary of Dalian Bingshan Group
Beijing Bingshan Serial Refrigeration Equipment Co., Ltd	Subsidiary of Dalian Bingshan Group
Dalian Spindle Cooling Towers Co., Ltd	Affiliated company of Dalian Bingshan Group
Dalian Bingshan Metal Technology Co., Ltd	Affiliated company of Dalian Bingshan Group
Dalian Mahe Level Control Electrical Appliances Co., Ltd	Affiliated company of Dalian Bingshan Group
Linde Engineering (Dalian) Co., Ltd	Affiliated company of Dalian Bingshan Group
BAC Dalian Co., Ltd	Joint venture of Dalian Bingshan Group
Linde Engineering (Hangzhou) Co., Ltd	Affiliated company of Dalian Bingshan Group
Dalian Bingshan Group Materials Trading Co., Ltd	Subsidiary of Dalian Bingshan Group cancellation of business registration during current period

On 15th August, 2014, Dalian Bingshan Group Material Trade Co., Ltd had been approved to cancel the registration by Dalian Administration of Industry and Commerce.

5 The transactions between the Company and the related parties

(1) The consolidated financial statements are based on the financial statements of individual subsidiaries which are included in the consolidation scope and prepared after elimination effect of intra-group transaction.

(2) Purchases of goods from related parties

Names of the related parties	Details of transaction	2014	2013
Panasonic Refrigeration (Dalian) Co., Ltd.	Purchases of goods	4,862,468.53	2,569,876.37
Panasonic Refrigeration (Dalian) Co., Ltd.	Purchases of goods	17,727,279.07	16,055,020.56
Panasonic Refrigeration (Dalian) Co., Ltd.	Purchases of goods	2,725,666.67	3,545,400.57
Dalian Sanyo Meica Electronics Co., Ltd	Purchases of goods	444,561.67	213,529.88
Dalian Bingshan Group Refrigeration Equipment Co., Ltd	Purchases of goods	50,692,001.24	33,672,400.06
Dalian Third Refrigeration Equipment Factory	Purchases of goods	8,322,630.93	10,292,049.56
Dalian Spindle Cooling Towers Co., Ltd	Purchases of goods	740,512.80	505,726.50
BAC Dalian Co., Ltd	Purchases of goods	48,249,141.90	68,381,433.34
Dalian Bingshan Engineering & Trading Co., Ltd	Purchases of goods	33,445,174.50	16,873,559.17
Dalian Bingshan Group Materials Trading Co., Ltd	Purchases of goods	1,599,625.64	6,071,068.93
Dalian Bingshan Metal Technology Co., Ltd	Purchases of goods	821,259.04	1,162,754.10
Dalian Sanyo High-Efficient Refrigeration System Co., Ltd	Purchases of goods	2,008,804.63	1,685,099.52
Beijing Bingshan Serial Refrigeration Equipment Co., Ltd	Purchases of goods	44,169.93	
Total		171,683,296.55	161,027,918.56

(3) Sales of goods to related parties

Names of the related parties	Details of transaction	2014	2013
Panasonic Refrigeration (Dalian) Co., Ltd.	Sales of goods	7,015,543.66	9,944,816.81
Panasonic Refrigeration (Dalian) Co., Ltd.	Sales of goods	23,234,625.97	20,836,908.95
Panasonic Refrigeration (Dalian) Co., Ltd.	Sales of goods	7,516,298.00	5,184,721.94
Dalian Bingshan Group Refrigeration Equipment Co., Ltd	Sales of goods	1,166,100.16	1,420,026.31
Dalian Third Refrigeration Equipment Factory	Sales of goods	5,296,508.27	3,350,697.69
BAC Dalian Co., Ltd	Sales of goods	1,937,329.05	414,564.10
Dalian Bingshan Engineering & Trading Co., Ltd	Sales of goods	90,440,496.58	91,804,457.91
Dalian Bingshan – P&A Recreation Development Engineering Co., Ltd	Sales of goods	512,915.66	202,492.31
Beijing Bingshan Serial Refrigeration Equipment Co., Ltd	Sales of goods	1,249,788.89	6,319,382.90
Beijing Huashang Bingshan Serial Refrigeration Equipment Co., Ltd	Sales of goods	33,805,364.72	18,391,800.24
Dalian Fuji Bingshan Vending Machine Co., Ltd	Sales of goods	2,991,827.62	2,694,405.81
Dalian Mahe Level Control Electrical Appliances Co., Ltd	Sales of goods	106,730.07	97,701.45
Dalian Bingshan Metal Technology Co., Ltd	Sales of goods	136,573.08	133,712.31
Dalian Sanyo High-Efficient Refrigeration System Co., Ltd	Sales of goods	509,530.14	447,520.90
MHI Bingshan Refrigeration (Dalian) Co.,Ltd	Sales of goods	3,334,001.80	
Dalian Honjo Chemical Co., Ltd	Sales of goods	15,219.80	
Total		179,268,853.47	161,243,209.63

(4) Leasing fee from related party

Lessee	Leasing assets	Rental income of current year	Rental income of previous year
Dalian Bingshan Group Co., Ltd.	Offices	103,680.00	95,400.00
MHI Bingshan Refrigeration (Dalian) Co.,Ltd.	Workshops	1,575,000.00	
Total		1,678,680.00	95,400.00

Leasing fee to related party

Leaser	Leasing assets	Rental fees of current year	Rental fees of previous year
Dalian Bingshan Group Co., Ltd.	Offices	142,572.00	142,572.00
Total		142,572.00	142,572.00

The Company signed a leasing agreement with Dalian Bingshan Group Co., Ltd., and leased 530 m² of offices to Dalian Bingshan Group Co., Ltd. The rental of offices is RMB 103,680.00 per year, and the effective period of the contract is 2 years.

The Company rent office and garage of Dalian Bingshan Group Co., Ltd., and the rental is RMB142,572.00 per year for 3 years.

On 31st July,2014, the company signed rental contract with MHI Bingshan Refrigeration (Dalian)

Co., Ltd., and rent # 6 workshop building located on No. 106 Liaohe East Rd, Dalian Economic and Technology Development Zone to MHI Bingshan Refrigeration (Dalian) Co., Ltd. The rental area is 15,259.04 square meters, and annual rent is RMB 4.2 million since 15th August, 2014 to 16th July, 2029.

(5) No guarantee with related companies.

(6) The borrowing of funds from related party

Name of the related party	Amount	Starting date	Ending date	Explanation
Dalian Bingshan Group Co., Ltd.	10,000,000.00	2006.09		Borrowed for moving to new location
Total	10,000,000.00			

The Company's subsidiary Dalian Bingshan Ryosetsu Quick Freezing Equipment Co., Ltd. borrowed RMB 10,000,000.00 from Dalian Bingshan Group Co., Ltd. for moving to new location, and the interests are counted same as bank loan and RMB 608,333.36 paid during the current period.

7 Related party asset transfer and debt restructuring

Not applicable.

8 Rewards for the key management personnel

Items	2014	2013
Total rewards for the key management personnel(tax included)	3,063,100.00	4,645,000.00

9 Other transactions between the Company and the related parties

Transaction type	Name of the related party	2014	2013	Pricing and decision procedure
Shareholding transfer	Dalian Bingshan Group Co., Ltd.	2,281,000.00		Resolution of Board of Directors
Total		2,281,000.00		

By the solution of the 11th meeting of 6th term Board of Directors of the company, the company purchased 10% shareholdings of Dalian Bingshan Group Sales Co., Ltd. The transaction price based on the net assets at 31st December 2013 RMB22.81 million was determined RMB2.281 million.

10 Amounts due from/to related parties

(1) Notes receivable

Names of the related parties	31-12-2014	31-12-2013
Panasonic Compressor (Dalian) Co., Ltd	1,868,896.93	426,959.02
Dalian Bingshan Group Import & Export Co. , Ltd		8,529,233.58
BAC Dalian Co., Ltd		300,000.00
Panasonic Cold Chain (Dalian) Co., Ltd	1,875,903.71	839,091.27
Panasonic Refrigeration (Dalian) Co., Ltd	227,535.94	521,694.49
Beijing Bingshan Serial Refrigeration Equipment Co., Ltd	2,000,000.00	
Beijing Huashang Bingshan Refrigeration and Air-conditioning Machinery Co., Ltd	5,000,000.00	

(2) Accounts paid in advance

Names of the related parties	31-12-2014	31-12-2013
Panasonic Compressor (Dalian) Co., Ltd		2,487.00
Panasonic Cold-chain (Dalian) Co., Ltd		13,642.05
BAC Dalian Co., Ltd		10,000.00
Dalian Bingshan Group Import & Export Co., Ltd	2,698,283.12	

(3) Accounts receivable

Names of the related parties	31-12-2014		31-12-2013	
	Amount	Provision for bad debts	Amount	Provision for bad debts
Panasonic Compressor (Dalian) Co., Ltd.	91,852.00	7,367.60	89,378.90	4,468.94
Panasonic Refrigeration (Dalian) Co., Ltd.	2,735,787.19	136,789.36	2,419,164.85	120,958.24
Panasonic Cold-chain (Dalian) Co., Ltd.	2,082,509.89	109,302.98	2,365,278.44	118,263.92
Dalian Bingshan Engineering & Trading Co., Ltd.	1,155,043.14	57,752.16	2,617,143.93	130,857.20
BAC Dalian Co., Ltd.	5,600.00	280.00		
Beijing Bingshan Serial Refrigeration Equipment Co., Ltd.	378,597.55	18,929.88	1,737,774.37	86,888.72
Dalian Bingshan – P&A Recreation Development Engineering Ltd.	215,180.00	10,759.00	79,457.00	3,972.85
Beijing Huashang Bingshan Refrigeration and Air-conditioning Machinery Co., Ltd.	3,713,359.64	220,467.98	223,000.00	19,750.00
Dalian Fuji Bingshan Vending Machine Co., Ltd.	318,714.88	15,935.74	148,940.03	7,447.00
Dalian Sanyo High-Efficient Refrigeration System Co., Ltd.	142,907.59	7,145.38		
MHI Bingshan Refrigeration (Dalian) Co., Ltd.	461,942.00	23,097.10		

(4) Other accounts receivable

Name of the related party	31-12-2014		31-12-2013	
	Amount	Provision for bad debts	Amount	Provision for bad debts
Panasonic Cold-chain (Dalian) Co., Ltd.	137,520.50	6,876.03		

(5) Notes payable

Names of the related parties	31-12-2014	31-12-2013
Dalian Bingshan Group Co., Ltd.	760,794.55	
Dalian Bingshan Group Refrigeration Equipment Co., Ltd.	8,000,000.00	5,072,848.40
BAC Dalian Co., Ltd.	700,000.00	1,000,000.00
Dalian Bingshan Group Materials Trading Co., Ltd.		5,208,750.00

Dalian Bingshan Group Import & Export Co., Ltd.	649,748.52	
Dalian Third Refrigeration Equipment Factory	300,000.00	1,500,000.00
Dalian Sanyo High-Efficient Refrigeration System Co., Ltd.	600,000.00	289,813.77
Dalian Spindle Cooling Towers Co., Ltd.	52,000.00	

(6) Accounts payable

Names of the related parties	31-12-2014	31-12-2013
Dalian Third Refrigeration Equipment Factory	1,507,966.95	1,355,621.34
BAC Dalian Co., Ltd.	21,593,357.00	16,862,867.00
Dalian Bingshan Group Refrigeration Equipment Co., Ltd.	6,536,438.32	98,364.00
Panasonic Refrigeration (Dalian) Co., Ltd.	195,000.00	
Panasonic Cold-chain (Dalian) Co., Ltd.	12,531.00	9,526.00
Dalian Sanyo Meica Electronics Co., Ltd.	221,236.85	172,568.79
Dalian Spindle Cooling Towers Co., Ltd.	269,499.00	269,499.00
Dalian Bingshan Engineering & Trading Co., Ltd.	2,849,467.19	688,542.77
Panasonic Compressor (Dalian) Co., Ltd.	25.50	909,828.95
Dalian Bingshan Group Materials Trading Co., Ltd.		341,965.80
Dalian Bingshan Metal Technology Co., Ltd.	251,907.04	383,288.96
Dalian Sanyo High-Efficient Refrigeration System Co., Ltd.	792,639.78	1,374,353.15

(7) Accounts received in advance

Names of the related parties	31-12-2014	31-12-2013
Panasonic Refrigeration (Dalian) Co., Ltd.		2,978.85
Dalian Bingshan Engineering & Trading Co., Ltd.	394,474.36	2,272,607.85
Beijing Huashang Bingshan Refrigeration and Air-conditioning Machinery Co., Ltd.		1,936,650.06
Dalian Bingshan – P&A Recreation Development Engineering Ltd.		3,000.00

(8) Other accounts payable

Names of the related parties	31-12-2014	31-12-2013
Dalian Bingshan Group Co., Ltd.	10,015,792.27	10,332,829.67
Dalian Third Refrigeration Equipment Factory	1,000.00	1,000.00
Dalian Bingshan Engineering & Trading Co., Ltd.	17,441.44	231,499.82
MHI Bingshan Refrigeration (Dalian) Co., Ltd.	475,863.95	

11 Related party commitment

Not applicable.

XI Commitments and Contingency

1 No major commitments to be disclosed at the end of year 2014.

2 No other contingency needed disclosed at the end of year 2014.

XII Post balance sheet issues

1 Significant events had not adjusted

(1) Issue shares

Resolution of 15th meeting of 6th session of the Board of directors agreed to make the grant day on 4th March 2015, and granted 10,150 thousand shares restricted stock to the 41 incentive objects. After the grant of shares, the company's share capital increased RMB 10,150,000.00.

(2) Investment

By the solution of the 12th meeting of 6th session of Board of Directors of the company, the company will establish a joint company with Dalian Bingshan International Trade Co., Ltd. The new company named Bingshan Technology Service (Dalian) Co., Ltd., and the registered capital is RMB 20,000,000.00. The company will invest RMB 12,000,000.00 and hold 60% of shareholding proportion. As at 31st December 2014, Bingshan Technology Service (Dalian) Co., Ltd. got the business license, but not received the capital and not started to operate and not included in the company's consolidated statements. On 8th and 9th January 2015, the company and Dalian Bingshan International Trade Co., Ltd. Invested respectively RMB 6,000,000.00 and RMB 4,000,000.00 which 50% of registered capital.

(3) Subsidiary absorbing and merging subsidiary

Resolution of 15th meeting of 6th session of the Board of directors agreed the Company's subsidiary Dalian Bingshan Ryosetsu Quick Freezing Equipment Co., Ltd. plans to absorb and merge Dalian Bingshan Metal Processing Co., Ltd. The benchmark date for absorbing and merging was made on 31st December 2014. After absorbing and merging, Dalian Bingshan Ryosetsu Quick Freezing Equipment Co., Ltd. will be the surviving company. The Company will hold 95% shareholders of Dalian Bingshan Ryosetsu Quick Freezing Equipment Co., Ltd.

(4) Significant lawsuit, arbitration and commitment

Not applicable.

2 Information about profit distribution of post balance sheet

Items	Amount
Dividend proposed to be distributed after balance sheet date	54,024,746.25
Dividend approved to be distributed by the board of directors after balance sheet date	

Board of directors proposed to withdraw the other reserved capital on the basis of 20% of the Company's net profit and distribute cash dividend of RMB 0.15 per share to ordinary shareholders of the Company on April 22, 2015, and the cash dividend of B shareholders will be converted to Hong Kong dollar and paid. The dividend was calculated according to the total share capital after share granted i.e. 360,164,975 shares.

3 Significant sales return after balance sheet day

Not applicable.

4 There was no other post balance sheet significant events except above mentioned.

XIII. Other important things needed disclosed.

1 There was no corrections of prior period accounting errors during the current period.

2 There was no debt restructuring during the current period.

3 There was no assets exchange during the current period.

4 The Company didn't design employer pension plan.

5 There was no discontinuing operation during the current period.

6 Segments information

(1) Standards and accounting policies of reporting segment

The company determines operating segment according to its organization structure, management rules, inside reporting system. The operating segment should satisfy following conditions:

① The operating segment could generate income and incur expenses from normal operating activities;

②The management could evaluate its operating effect, and then decide resources assignment and its operating performance;

③The segment's information of financial position and results of operations and cash flow could be obtained.

The company determines reporting segment based on operating segments. The reporting segment should satisfy one of the following conditions::

- ① The operating segment's income should be over 10% of total income;
- ② The number of the operating segment's profit(or loss) should be over 10% of the number of total profit and the number of total losses.

The transfer prices between segments were decided according to the market prices. The expenses of common assets used by segments and other common expenses should be divided among the segments according to the income.

(2) Elements of determining reporting segment and types of reporting segments' products and services

The company determined three reporting segments according to the geographic area, including Northeast China, Central China and East China. The Northeast China segment included the company's head office and subsidiaries located in Dalian. The Central China segment included subsidiary company Wuhan New World Refrigeration Industrial Co., Ltd. And the East China segment included subsidiary's subsidiary company Ningbo Bingshan Refrigeration Air Conditioner Engineering Co., Ltd.

(3) The financial information of reporting segments

Items	31-12-2014/2014				
	Northeast China	Central China	East China	Offset	Total
1 Operating income	133,166.92	27,122.23	4,033.52	21,751.11	142,571.56
Including: Income from external transaction	112,793.11	25,744.93	4,033.52		142,571.56
Income from internal transaction	20,373.81	1,377.30		21,751.11	
2 Selling expenses	121,331.09	27,577.78	3,932.10	21,207.73	131,633.24
Including: Investment income from associates and joint ventures	10,142.84				10,142.84
Impairment on assets	1,777.20	130.90	7.43		1,915.53
Depreciation and amortization	3,075.39	1,108.64	11.52		4,195.55
3 Operating profits(loss)	13,183.28	-352.39	111.30	543.38	12,398.81
4 Income tax	943.76	-36.96	40.08		946.88
5 Net profit(loss)	12,239.52	-315.44	71.23	543.38	11,451.93
6 Total assets	282,477.08	45,153.44	2,094.47	24,331.97	305,393.02
7 Total liabilities	78,766.60	31,565.07	1,580.24	12,884.76	99,027.15
8 Other significant non cash items	5,678.42	719.63	0.69		6,398.74
Capital expenditure	5,678.42	719.63	0.69		6,398.74

The accounting policies of every operating segment were the same with described in the note IV. *The main accounting policies, accounting estimates and corrections of accounting errors.*

7 There was no significant event which would affect the decision of investor during the current period.

XIV. Notes to the financial statements of the parent company

1 Accounts receivable

(1) Classified by accounts nature

Categories	31-12-2014				Book value
	Balance		Provision for doubtful debt		
	Amount	Proportion (%)	Amount	Proportion (%)	
Major single amount and bad debt provision provided individually					
Bad debt provided on group basis	277,119,839.64	100	71,812,337.04	25.91	205,307,502.60
Minor single amount but bad debt provision provided individually					
Total	277,119,839.64	100	71,812,337.04	25.91	205,307,502.60

Continued:

Categories	31-12-2013				Book value
	Balance		Provision for doubtful debt		
	Amount	Proportion (%)	Amount	Proportion (%)	
Major single amount and bad debt provision provided individually					
Bad debt provided on group basis	231,390,326.16	100	60,808,169.35	26.28	170,582,156.81
Minor single amount but bad debt provision provided individually					
Total	231,390,326.16	100	60,808,169.35	26.28	170,582,156.81

Accounts receivable which bad debt provisions are provided on age basis in the group.

Account ages	31-12-2014		
	Amount	Provision for bad debts	Proportion rates (%)
Within 1 year	126,552,403.41	6,327,364.97	5
1 to 2 years	53,403,756.69	5,340,375.67	10
2 to 3 years	37,203,146.20	11,160,943.86	30
3 to 4 years	19,126,957.46	9,563,478.73	50
4 to 5 years	7,067,010.36	5,653,608.29	80
Over 5 years	33,766,565.52	33,766,565.52	100
Total	277,119,839.64	71,812,337.04	

(2) Provision for bad debts accrued, regain or switch back in the period

In the current period, RMB 14,027,793.71 were accrued provision for bad debts, and RMB 39,800.00 were regained.

Receivable accounts written off before but regained during the current year:

Companies	Received amount	Recovery methods	Notes
Hebei Hengshui Beer Co., Kyushu	39,800.00	Bank deposits	Keeping collection
Total	39,800.00		

(3) The write-off of accounts receivable during the reporting period

Items	Written off amount
58 clients	3,063,426.02

① The reasons of accounts receivable write-off include termination of operation and disability of payment, winning lawsuits but not finding executable assets, small balance not being collected for long time, and disagreement rework charges etc.

(4) Accounts receivable top 5 on amount

Companies	Amount	Proportion (%)	Provision for bad debts
Dalian Xinghai Bay Development and Construction Management Centre	11,242,693.00	4.06	11,242,693.00
COFCO Meat (Suqian) Co., Ltd.	9,478,265.85	3.42	2,811,817.76
Yili Twinings Biological Technology Co., Ltd.	7,174,812.00	2.59	358,740.60
Heilongjiang big farm farming and animal husbandry science and technology co., LTD	6,805,000.00	2.46	598,141.02
Fuxin blue moon food co., LTD	5,940,000.00	2.14	297,000.00
Total	40,640,770.85	14.67	15,308,392.38

2 Other accounts receivable

(1) Classified by account nature

Items	31-12-2014				
	Balance		Provision for doubtful debt		Book value
	Amount	Proportion (%)	Amount	Proportion (%)	
Major single amount and bad debt provision provided individually					
Bad debt provided on group basis	23,056,627.39	100	1,790,721.85	7.77	21,265,905.54
Minor single amount but bad debt provision provided individually					
Total	23,056,627.39	100	1,790,721.85	7.77	21,265,905.54

Continued:

Items	31-12-2013				Book value
	Balance		Provision for doubtful debt		
	Amount	Proportion (%)	Amount	Proportion (%)	
Major single amount and bad debt provision provided individually					
Bad debt provided on group basis	14,155,569.38	100	1,332,793.72	9.42	12,822,775.66
Minor single amount but bad debt provision provided individually					
Total	14,155,569.38	100	1,332,793.72	9.42	12,822,775.66

Other accounts receivable which bad debt provisions are provided on age basis in the group

Account ages	31-12-2014		
	Amount	Provision for bad debts	Proportion rates (%)
Within 1year	21,091,065.79	1,054,553.29	5
1 to 2 years	859,047.48	85,904.75	10
2 to 3 years	350,000.00	105,000.00	30
3 to 4 years	284,450.62	142,225.31	50
4 to 5 years	345,125.00	276,100.00	80
Over 5 years	126,938.50	126,938.50	100
Total	23,056,627.39	1,790,721.85	

(2) Provision for bad debts accrued, regain or switch back in the period

In the current period, RMB 457,928.13 were accrued provision for bad debts, and no amount was switched back or regained.

(3) There is no other accounts receivable need to be written off during the reporting period.

(4) The nature of other accounts receivable

Items	31-12-2014	31-12-2013
Guarantee deposits	20,951,410.09	2,916,978.10
Petty cash	97,241.00	875,962.85
To or fro accounts		10,000,000.00
Prepayments over settlement periods	2,007,976.30	362,628.43
Total	23,056,627.39	14,155,569.38

(5) Top 5 on amount of other accounts receivable

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Companies	Nature	Amount	Age	Proportion (%)	Ending balance of provision for bad debts
Dalian Tianbao Green Food Co., Ltd	Performance bonds	18,000,000.00	Less than 1 year	78.07	900,000.00
Dalian Tianyi InfoTech Co., Ltd	Prepayments over settlement periods	1,779,500.00	1 to-2 years	7.72	177,950.00
Dalian detai Hong Kong and China Gas Company Limited	Wage deposits of migrant workers	600,000.00	Less than 1 year, 1 to 2 years	2.60	35,000.00
Dalian municipal construction engineering labor insurance management center	Guarantee deposits	500,000.00	1 to 2 years	2.17	50,000.00
Jiangxi JianYe Co., Ltd	Performance bonds	300,000.00	4 to 5 years	1.30	240,000.00
Total		21,179,500.00		91.86	1,402,950.00

(6) The reason of the ending balance of other accounts receivable increased 62.88% compared with the beginning balance was performance bonds of Dalian Tianbao Green Food Co., Ltd. increased.

3 Long-term equity investments

Nature	31-12-2014			31-12-2013		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Subsidiaries	107,629,071.42		107,629,071.42	110,892,371.42		110,892,371.42
Joint ventures & affiliated companies	1,039,229,738.85		1,039,229,738.85	979,268,609.94		979,268,609.94
Total	1,146,858,810.27		1,146,858,810.27	1,090,160,981.36		1,090,160,981.36

(1) Subsidiaries

Names	Initial cost	Beginning balance	Increased during current year	Decreased during current year	Ending balance	Provision for impairment of the current period	Provision for impairment
Dalian Bingshan Group Refrigeration Installation Co., Ltd	20,036,841.62	20,036,841.62			20,036,841.62		
Dalian Bingshan Group Sales Company	12,936,700.00	16,200,000.00	2,281,000.00	5,544,300.00	12,936,700.00		
Dalian Bingshan Metal Processing Co., Ltd	12,501,344.60	12,501,344.60			12,501,344.60		
Dalian Bingshan Air-Conditioning Equipment Co., Ltd	36,506,570.00	36,506,570.00			36,506,570.00		
Dalian Bingshan Guardian Automation Co., Ltd	1,522,117.80	1,522,117.80			1,522,117.80		
Dalian Bingshan Ryosetsu Quick Freezing Equipment Co., Ltd	5,745,097.40	5,745,097.40			5,745,097.40		
Wuhan New World Refrigeration Industrial Co., Ltd	17,980,400.00	17,980,400.00			17,980,400.00		
Wuhan New World Refrigeration Air Conditioner Engineering Co., Ltd	400,000.00	400,000.00			400,000.00		
Total	110,892,371.42	110,892,371.42	2,281,000.00	5,544,300.00	107,629,071.42		

(2) Joint ventures& affiliated companies

Names	Beginning balance	Increase/Decrease								Ending balance	Provision for impairment
		Increased	Decreased	Gains and losses recognized under the equity method	Adjustment of other comprehensive income	Changes of other equity	Cash bonus or profits announced to issue	Provision for impairment of the current period	Others		
1. Joint ventures											
Dalian Bingshan – P&A Recreation Development Engineering Co., Ltd	3,474,153.38			579,766.59			500,000.00			3,553,919.97	

Names	Beginning balance	Increase/Decrease								Ending balance	Provision for impairment		
		Increased	Decreased	Gains and losses recognized under the equity method	Adjustment of other comprehensive income	Changes of other equity	Cash bonus or profits announced to issue	Provision for impairment of the current period	Others				
Dalian Jiale Vending Machine Operation Co., Ltd	14,333,183.59		14,318,183.59						-15,000.00				
Subtotal	17,807,336.97		14,318,183.59	579,766.59					-15,000.00		500,000.00		3,553,919.97
2. Affiliated companies													
Dalian Bingshan Engineering & Trading Co., Ltd	13,138,080.92			1,298,904.65							720,000.00		13,716,985.57
Panasonic Refrigeration (Dalian) Co., Ltd	150,937,123.13			8,088,963.14							3,200,000.00		155,826,086.27
Dalian Honjo Chemical Co., Ltd	9,452,973.22			1,203,061.36							1,252,121.40		9,403,913.18
Panasonic Cold-Chain (Dalian) Co., Ltd	215,712,008.04			7,861,598.44							8,000,000.00		215,573,606.48
Keinin-Grand Ocean Thermal Technology (Dalian) Co., Ltd	40,403,428.77			10,730,513.62							8,800,000.00		42,333,942.39
Panasonic Compressor (Dalian) Co., Ltd	385,481,730.63			63,033,275.77							16,000,000.00		432,515,006.40
Dalian Sanyo Meica Electronics Co., Ltd	23,373,393.16			-139,544.45									23,233,848.71
MHI Bingshan Refrigeration (Dalian) Co., Ltd	22,500,000.00	13,500,000.00		-6,705,912.37									29,294,087.63
Beijing Huashang Bingshan Refrigeration and Air-conditioning Machinery Co., Ltd	1,175,056.73			250,932.89									1,425,989.62

Names	Beginning balance	Increase/Decrease							Ending balance	Provision for impairment	
		Increased	Decreased	Gains and losses recognized under the equity method	Adjustment of other comprehensive income	Changes of other equity	Cash bonus or profits announced to issue	Provision for impairment of the current period			Others
Dalian Fuji Bingshan Vending Machine Co., Ltd	77,258,663.86			14,800,175.10			2,161,995.35			89,896,843.61	
Dalian Sanyo High-Efficient Refrigeration System Co., Ltd	22,028,814.51			426,694.51						22,455,509.02	
Subtotal	961,461,272.97	13,500,000.00		100,848,662.66			40,134,116.75			1,035,675,818.88	
Total	979,268,609.94	13,500,000.00	14,318,183.59	101,428,429.25	-15,000.00		40,634,116.75			1,039,229,738.85	

4 Total operating income and operating cost**(1) Business income and cost**

Items	2014		2013	
	Income	Cost	Income	Cost
Key business	815,254,802.52	637,291,434.88	884,273,729.21	680,508,985.30
Other business	16,432,936.80	18,219,326.55	16,295,615.17	15,288,568.30
Total	831,687,739.32	655,510,761.43	900,569,344.38	695,797,553.60

5 Gain/ (loss) from investments

Category

Items	2014	2013
Gain arising from dividends of subsidiaries	4,135,112.47	7,553,205.11
Long-term equity investment income accounted for by using the equity method	101,428,429.25	90,138,921.23
Gain on selling equity of associate company	1,980,516.41	-2,130,588.28
Gain from holding of financial assets available for sale	1,754,944.75	500,000.00
Gain from disposal financial assets available for sale	36,617.40	
Total	109,335,620.28	95,561,538.06

XV. Other supplementary Information**1 Non-recurring profits and losses**

Non-recurring gains and losses items	Amount	Notes
1. Gain/loss from disposal of non-current assets	138,673.21	
2. Tax return or exemption exceeding authority or without formal authorization documents	441,073.42	
3. Governmental subsidy written into current gains and losses	10,166,256.56	
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. Gain/loss from change of fair value of transactional asset and liabilities, and investment gains from disposal of transactional financial assets and liabilities and sellable financial assets, other than valid period value instruments related to the Company's common businesses.	36,617.40	
8. Other net income and expense from non-operation	1,594,812.69	
Total	12,377,433.28	
Less: Affected amount of income tax from non-recurring gains and losses	2,021,019.49	
Net amount of non-recurring gains and losses	10,356,413.79	
Included: Attributable to minority shareholders' equity	351,937.01	
Attributable to the owners of parent company	10,004,476.78	

2 Earnings per share

Items	The weighted average ROE (%)	EPS	
		Basic EPS	Diluted EPS
Net profit attributable to the Company's ordinary shareholders	5.98	0.33	0.33
Net profit attributable to the Company's ordinary shareholders after deducting non-recurring gains and losses	5.46	0.30	0.30

3 The differences between domestic and international accounting standards

There were no significant differences between domestic and international accounting standards among the Company's financial statements of the current period.

Section 12 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 copy of the auditor's report bearing the seal of the certified public accountants and the signatures and seals of the certified accountants.
3. 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.
4. Time for reference: from Monday to Friday 8:00 - 12:00 (am) 1:00 - 5:00 (pm)
Liaison persons: Mr. Song Wenbao, Miss Du Yu
Tel: 0086-411-86538130
Fax: 0086-411-86654530

Board of Directors of Dalian Refrigeration Co., Ltd.
April 24, 2015

BALANCE SHEET

Prepared by Dalian Refrigeration Co., Ltd.

December 31, 2014

Unit: RMB Yuan

Assets	31-Dec-2014		31-Dec-2013	
	Consolidation	Parent Company	Consolidation	Parent Company
Current assets:				
Monetary funds	508,511,466.02	407,573,197.89	512,903,713.13	434,747,569.29
Financial assets which are measured by fair value and which changes are recorded in current profit and loss				
Derivative financial assets				
Notes receivable	14,855,957.70	15,711,896.93	39,827,031.77	20,694,679.80
Accounts receivable	438,880,830.12	205,307,502.60	369,712,746.70	170,582,156.81
Accounts in advance	19,053,269.75	8,470,706.14	26,031,386.32	6,125,477.96
Interest receivables	4,998,982.40	4,998,982.40	3,603,594.85	3,603,594.85
Dividend receivable			33,450.00	2,550,000.00
Other receivables	34,266,444.02	21,265,905.54	24,514,740.07	12,822,775.66
Inventories	314,879,106.56	164,069,128.20	325,531,007.41	173,198,452.67
Assets held for sale				
Non-current asset due within one year				
Other current assets	2,335,139.79	1,659,559.91	995,599.80	922,487.82
Total current assets	1,337,781,196.36	829,056,879.61	1,303,153,270.05	825,247,194.86
Non-current assets:				
Finance asset held available for sales	42,428,388.70	41,113,246.20	42,678,388.70	41,363,246.20
Held-to-maturity investment				
Long-term account receivable				
Long-term equity investment	1,039,229,738.85	1,146,858,810.27	979,268,609.94	1,090,160,981.36
Investment property	25,108,909.00	25,108,909.00		
Fixed assets	414,293,269.31	239,721,541.76	395,266,143.70	218,716,664.94
Construction in progress	18,515,449.46	18,280,777.19	68,462,823.08	65,051,019.19
Engineering material				
Disposal of fixed asset				
Productive biological asset				
Oil and gas asset				
Intangible assets	153,913,310.25	89,919,836.54	155,190,230.51	89,590,975.25
Expense on Research and Development				
Goodwill				
Long-term expenses to be apportioned	5,873,398.99	5,537,394.66	3,901,749.71	3,548,214.70
Deferred income tax asset	16,786,587.33	8,054,057.26	19,469,019.20	11,512,233.28
Other non-current asset				
Total non-current asset	1,716,149,051.89	1,574,594,572.88	1,664,236,964.84	1,519,943,334.92
Total assets	3,053,930,248.25	2,403,651,452.49	2,967,390,234.89	2,345,190,529.78

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

BALANCE SHEET (CONTINUED)

Prepared by Dalian Refrigeration Co., Ltd.

December 31, 2014

Unit: RMB Yuan

Liabilities and shareholders' equity	31-Dec-2014		31-Dec-2013	
	Consolidation	Parent Company	Consolidation	Parent Company
Current liabilities:				
Short-term loans	60,000,000.00		37,500,000.00	
Derivative financial liabilities				
Notes payable	109,546,502.61	66,979,512.02	80,293,515.17	55,821,881.28
Accounts payable	511,076,537.82	302,053,679.95	464,863,265.01	265,908,099.58
Accounts received in advance	137,629,315.42	96,325,866.23	177,238,388.99	107,267,861.73
Wage payable	55,993,637.27	13,854,152.86	53,580,031.02	19,207,236.71
Taxes payable	2,642,729.69	-2,710,393.15	22,497,530.86	13,071,583.87
Interest payable				
Dividend payable	533,156.00	533,156.00	2,053,911.36	533,156.00
Other accounts payable	60,075,814.04	49,270,430.42	51,929,364.03	51,184,849.13
Liabilities held for sale				
Non-current liabilities due within one year				
Other current liabilities				
Total current liabilities	937,497,692.85	526,306,404.33	889,956,006.44	512,994,668.30
Non-current liabilities:				
Long-term loans				
Bonds payable				
Long-term account payable				
Long-term wage payable				
Special accounts payable				
Projected liabilities				
Deferred income	52,773,884.19	5,985,884.19	68,326,440.60	20,424,440.60
Deferred income tax liabilities				
Other non-current liabilities				
Total non-current liabilities	52,773,884.19	5,985,884.19	68,326,440.60	20,424,440.60
Total liabilities	990,271,577.04	532,292,288.52	958,282,447.04	533,419,108.90
Shareholders' equity				
Share capital	350,014,975.00	350,014,975.00	350,014,975.00	350,014,975.00
Other equity instruments				
Capital public reserve	582,288,006.29	582,288,006.29	582,077,996.49	582,077,996.49
Specialized reserve				
Other comprehensive income	2,768,286.72	1,539,359.10	2,783,286.72	1,554,359.10
Special preparation				
Surplus public reserve	545,788,247.99	545,788,247.99	505,533,065.25	505,533,065.25
Retained profit	486,167,740.13	391,728,575.59	466,608,867.00	372,591,025.04
Translation of foreign currency capital				
Total owner's equity attributable to parent company	1,967,027,256.13	1,871,359,163.97	1,907,018,190.46	1,811,771,420.88
Minority interests	96,631,415.08		102,089,597.39	
Total owner's equity	2,063,658,671.21	1,871,359,163.97	2,009,107,787.85	1,811,771,420.88
Total liabilities and shareholder's equity	3,053,930,248.25	2,403,651,452.49	2,967,390,234.89	2,345,190,529.78

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

INCOME STATEMENT

Prepared by Dalian Refrigeration Co., Ltd. January-December, 2014 Unit: RMB Yuan

Items	January-December, 2014		January-December, 2013	
	Consolidation	Parent Company	Consolidation	Parent Company
I. Total sales	1,425,715,596.96	831,687,739.32	1,535,706,911.25	900,569,344.38
Including: Operating income	1,425,715,596.96	831,687,739.32	1,535,706,911.25	900,569,344.38
II. Total operating cost	1,420,273,278.31	835,979,131.98	1,491,781,346.00	879,734,879.70
Including: Operating cost	1,086,550,652.73	655,510,761.43	1,167,001,002.75	695,797,553.60
Taxes and associate charges	11,709,558.03	4,827,468.68	13,395,695.33	5,551,893.13
Selling and distribution expenses	123,270,829.61	57,137,295.02	120,220,640.76	73,064,406.17
Administrative expenses	185,701,061.45	114,245,449.21	178,414,799.50	103,225,883.77
Financial expense	-6,114,199.04	-10,417,316.17	-5,832,606.21	-9,157,098.85
Impairment loss	19,155,375.53	14,675,473.81	18,581,813.87	11,252,241.88
Add: Gain/(loss) from change in fair value				
Gain/(loss) from investment	103,940,832.81	109,335,620.28	88,541,782.95	95,561,538.06
Including: income from investment on affiliated enterprise and jointly enterprise	101,428,429.25	101,428,429.25	90,138,921.23	90,138,921.23
III. Operating profit	109,383,151.46	105,044,227.62	132,467,348.20	116,396,002.74
Add: non-business income	15,166,450.39	12,165,875.28	55,065,362.72	51,089,399.87
Including: profit from non-current asset disposal	390,490.35	337,665.38	42,478,670.13	42,237,894.27
Less: non-business expense	561,532.64	236,615.58	2,787,555.90	1,988,131.34
Including: loss from non-current asset disposal	412,897.02	186,615.58	2,391,111.76	1,988,131.34
IV. Total profit	123,988,069.21	116,973,487.32	184,745,155.02	165,497,271.27
Less: Income tax	9,468,787.48	5,078,507.78	25,783,528.95	20,168,847.33
V. Net profit	114,519,281.73	111,894,979.54	158,961,626.07	145,328,423.94
Net profit attributable to parent company	115,439,722.39	111,894,979.54	153,006,057.13	145,328,423.94
Minority shareholders' gains and losses	-920,440.66		5,955,568.94	
VI. After-tax net amount of other comprehensive incomes	-15,000.00	-15,000.00		
After-tax net amount of other comprehensive incomes attributable to owners of the Company	-15,000.00	-15,000.00		
(I) Other comprehensive incomes that will not be reclassified into gains and losses				
1. Changes in net liabilities or assets with a defined benefit plan upon re-measurement				
2. Enjoyable shares in other comprehensive incomes in investees that cannot be reclassified into gains and losses under the equity method				
.....				
(II) Other comprehensive incomes that will be reclassified into gains and losses	-15,000.00	-15,000.00		
1. Enjoyable shares in other comprehensive incomes in investees that will be reclassified into gains and losses under the equity method	-15,000.00	-15,000.00		
2. Gains and losses on fair value changes of available-for-sale financial assets				
3. Gains and losses on reclassifying held-to-maturity investments into available-for-sale financial assets				
4. Effective hedging gains and losses on cash flows				
5. Foreign-currency financial statement				

translation difference				
6. Other				
.....				
After-tax net amount of other comprehensive incomes attributable to minority shareholders				
VII Total comprehensive income	114,504,281.73	111,879,979.54	158,961,626.07	145,328,423.94
Total comprehensive income attributable to parent company	115,424,722.39	111,879,979.54	153,006,057.13	145,337,423.94
Total comprehensive income attributable to minority shareholders	-920,440.66		5,955,568.94	
VIII. Earnings per share	--			
(I) basic earnings per share	0.33		0.44	
(II) diluted earnings per share	0.33		0.44	

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

CASH FLOW STATEMENT

Prepared by Dalian Refrigeration Co., Ltd.

January -December, 2014

Unit: RMB Yuan

Items	January -December, 2014		January -December, 2013	
	Consolidation	Parent Company	Consolidation	Parent Company
I. Cash flows arising from operating activities:				
Cash received from selling commodities and providing labor services	1,090,103,866.93	649,803,180.34	1,189,227,777.51	755,661,177.35
Write-back of tax received	871,659.27		905,596.59	
Other cash received concerning operating activities	37,350,278.00	26,001,801.17	20,764,655.80	15,052,479.83
Subtotal of cash inflow arising from operating activities	1,128,325,804.20	675,804,981.51	1,210,898,029.90	770,713,657.18
Cash paid for purchasing commodities and receiving labor service	572,248,043.66	366,830,223.80	693,055,366.39	467,021,690.12
Cash paid to/for staff and workers	276,307,722.58	152,130,182.41	262,511,390.02	149,282,944.19
Taxes paid	118,866,955.58	66,753,359.34	118,270,430.56	62,835,570.59
Other cash paid concerning operating activities	132,407,309.91	77,470,172.84	129,430,386.49	77,512,757.31
Subtotal of cash outflow arising from operating activities	1,099,830,031.73	663,183,938.39	1,203,267,573.46	756,652,962.21
Net cash flows arising from operating activities	28,495,772.47	12,621,043.12	7,630,456.44	14,060,694.97
II. Cash flows arising from investing activities:				
Cash received from recovering investment	15,286,617.40	15,286,617.40	500,365.79	500,365.79
Cash received from investment income	42,461,536.50	43,204,338.19	51,236,629.02	55,700,809.13
Net cash received from disposal of fixed, intangible and other long-term assets	10,147,370.00	10,005,000.00	40,260,691.00	40,128,000.00
Net cash received from disposal of subsidiaries and other units				
Other cash received concerning investing activities				
Subtotal of cash inflow from investing activities	67,895,523.90	68,495,955.59	91,997,685.81	96,329,174.92
Cash paid for purchasing fixed, intangible and other long-term assets	48,206,418.04	40,255,232.98	50,648,044.45	41,617,909.94
Cash paid for investment	15,781,000.00	15,781,000.00	22,500,000.00	22,500,000.00
Net cash received from payment of subsidiaries and other business units				
Other cash paid concerning investing activities				
Subtotal of cash outflow from investing activities	63,987,418.04	56,036,232.98	73,148,044.45	64,117,909.94
Net cash flows arising from investing activities	3,908,105.86	12,459,722.61	18,849,641.36	32,211,264.98
III. Cash flows arising from financing activities:				
Cash received from absorbing investment				
Including: Cash received from absorbing minority shareholders' equity investment by subsidiaries				
Cash received from loans	67,510,000.00		53,900,000.00	
Other cash received concerning financing activities	10,844,272.75	3,499,990.45		
Subtotal of cash inflow from financing activities	78,354,272.75	3,499,990.45	53,900,000.00	

Cash paid for settling debts	44,010,000.00		45,000,000.00	
Cash paid for dividend and profit distributing or interest paying	60,282,709.40	52,502,246.10	58,790,065.18	52,502,246.25
Including: dividends or profit paid by subsidiaries to minority shareholders	3,756,741.65		2,468,803.41	
Other cash paid concerning financing activities	33,037,404.13	16,145,665.64	28,496.45	
Subtotal of cash outflow from financing activities	137,330,113.53	68,647,911.74	103,818,561.63	52,502,246.25
Net cash flows arising from financing activities	-58,975,840.78	-65,147,921.29	-49,918,561.63	-52,502,246.25
IV. Influence on cash due to fluctuation in exchange rate	-209,608.51	38.62	-41,111.28	-333.25
V. Net increase of cash and cash equivalents	-26,781,570.96	-40,067,116.94	-23,479,575.11	-6,230,619.55
Add: Balance of cash and cash equivalents at the period -begin	502,339,160.35	431,494,649.19	525,818,735.46	437,725,268.74
VI. Balance of cash and cash equivalents at the period-end	475,557,589.39	391,427,532.25	502,339,160.35	431,494,649.19

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

CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

Prepared by Dalian Refrigeration Company Limited

2014.01-12

Unit: RMB Yuan

Items	2014.01-12									
	Owners' equity attributable to parent company								Minority equity	Total of owners' equity
	share capital	Capital surplus	Lessen: treasury stock	Other comprehensive income	Surplus reserve	General risk reserve	Retained profits	Others		
I. balance at the end of last year	350,014,975.00	584,861,283.21			505,533,065.25		466,608,867.000		102,089,597.39	2,009,107,787.85
1. Change of accounting policy		-2,783,286.72		2,783,286.72						
2. Correction of errors in previous period										
II. Balance at the beginning of this year	350,014,975.00	582,077,996.49		2,783,286.72	505,533,065.25		466,608,867.00		102,089,597.39	2,009,107,787.85
III. Increase/ decrease of amount in this year ("-" means decrease)		210,009.80		-15,000.00	40,255,182.74		19,558,873.13		-5,458,182.31	54,550,883.36
(I) Total comprehensive incomes				-15,000.00			115,439,722.39		-920,440.66	114,504,281.73
(II) Capital increased and reduced by owners		210,009.80							-2,281,000.00	-2,070,990.20
1. Common shares increased by shareholders									-2,281,000.00	-2,281,000.00
2. Capital increased by holders of other equity instruments										
3. Amounts of share-based payments recognized in owners' equity										
4. Other		210,009.80								210,009.80
(III) Profit distribution					40,255,182.74		-95,880,849.26		-2,256,741.65	-57,882,408.17
1. Withdrawing surplus public reserve					40,225,182.74		-40,255,182.74			
2. Distribution to all owners (shareholders)							-52,502,246.25		-2,256,741.65	-54,758,987.90
3. Others							-3,123,420.27			-3,123,420.27
(IV) Internal carrying forward of owners' equity										
1. New increase of share capital from capital reserves										
2. Convert surplus reserves to share capital										
3. Surplus reserves make up losses										
4. Others										
(V) Specific reserve										
1. Withdrawn for the period										
2. Used in the period										
(VI) Other										
IV. Balance at the end of this period	350,014,975.00	582,288,006.29		2,768,286.72	545,788,247.99		486,167,740.13		96,631,415.08	2,063,658,671.21

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

Items	2013.01-12									
	Owners' equity attributable to parent company								Minority equity	Total of owners' equity
	share capital	Capital surplus	Lessen: treasury stock	Other comprehensive income	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		-2,783,286.72		2,783,286.72						
2. Correction of errors in previous period										
II. Balance at the beginning of this year	350,014,975.00	582,068,996.72		2,783,286.72	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)		9,000.00			35,867,181.92		62,341,270.83		1,036,765.53	99,254,218.28
(I) Total comprehensive incomes							153,006,057.13		5,955,568.94	158,961,626.07
(II) Capital increased and reduced by owners		9,000.00								9,000.00
1. Common shares increased by shareholders										
2. Capital increased by holders of other equity instruments										
3. Amounts of share-based payments recognized in owners' equity										
4. Other		9,000.00								9,000.00
(III) Profit distribution					35,867,181.92		-90,664,786.30		-4,918,803.41	-59,716,407.79
1. Withdrawing surplus public reserve					35,867,181.92		-35,867,181.92			
2. Distribution to all owners (shareholders)							-52,502,246.25		-4,918,803.41	-57,421,049.66
3. Others							-2,295,358.13			-2,295,358.13
(IV) Internal carrying forward of owners' equity										
1. New increase of share capital from capital reserves										
2. Convert surplus reserves to share capital										
3. Surplus reserves make up losses										
4. Others										
(V) Specific reserve										
1. Withdrawn for the period										
2. Used in the period										
(VI) Other										
IV. Balance at the end of this period	350,014,975.00	582,077,996.49		2,783,286.72	505,533,065.25		466,608,867.00		102,089,597.39	2,009,107,787.85

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

STATEMENT OF CHANGES IN OWNERS' EQUITY

Prepared by Dalian Refrigeration Company Limited

2014.01-12

Unit: RMB Yuan

Items	2014.01-12								Total of owners' equity
	Owners' equity attributable to parent company								
	share capital	Other equity instrument	Capital surplus	Lessen: treasury stock	Other comprehensive income	Special preparation	Surplus reserve	Retained profits	
I. balance at the end of last year	350,014,975.00		583,632,355.59				505,533,065.25	372,591,025.04	1,811,771,420.88
1. Change of accounting policy			-1,554,359.10		1,554,359.10				
2. Correction of errors in previous period									
II. Balance at the beginning of this year	350,014,975.00		582,077,996.49		1,554,359.10		505,533,065.25	372,591,025.04	1,811,771,420.88
III. Increase/ decrease of amount in this year ("-" means decrease)			210,009.80		-15,000.00		40,255,182.74	19,137,550.55	59,587,743.09
(I) Total comprehensive incomes					-15,000.00			111,894,979.54	111,879,979.54
(II) Capital increased and reduced by owners			210,009.80						210,009.80
1. Common shares increased by shareholders									
2. Capital increased by holders of other equity instruments									
3. Amounts of share-based payments recognized in owners' equity									
4. Other			210,009.80						210,009.80
(III) Profit distribution							40,255,182.74	-92,757,428.99	-52,502,246.25
1. Withdrawing surplus public reserve							40,255,182.74	-40,255,182.74	
2. Distribution to all owners (shareholders)								-52,502,246.25	-52,502,246.25
3. Others									
(IV) Internal carrying forward of owners' equity									
1. New increase of share capital from capital reserves									
2. Convert surplus reserves to share capital									
3. Surplus reserves make up losses									
4. Others									
(V) Specific reserve									
1. Withdrawn for the period									
2. Used in the period									
(VI) Other									
IV. Balance at the end of this period	350,014,975.00		582,288,006.29		1,539,359.10		545,788,247.99	391,728,575.59	1,871,359,163.97

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

Items	2013.01-12								
	Owners' equity attributable to parent company								Total of owners' equity
	share capital	Other equity instrument	Capital surplus	Lessen: treasury stock	Other comprehensive income	Special preparation	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			-1,554,359.10		1,554,359.10				
2. Correction of errors in previous period									
II. Balance at the beginning of this year	350,014,975.00		582,068,996.49		1,554,359.10		469,665,883.33	315,632,029.27	1,718,936,243.19
III. Increase/ decrease of amount in this year ("-" means decrease)			9,000.00				35,867,181.92	56,958,995.77	92,835,177.69
(I) Total comprehensive incomes								145,328,423.94	145,328,423.94
(II) Capital increased and reduced by owners			9,000.00						9,000.00
1. Common shares increased by shareholders									
2. Capital increased by holders of other equity instruments									
3. Amounts of share-based payments recognized in owners' equity									
4. Other			9,000.00						9,000.00
(III) Profit distribution							35,867,181.92	-88,369,428.17	-52,502,246.25
1. Withdrawing surplus public reserve							35,867,181.92	-35,867,181.92	
2. Distribution to all owners (shareholders)								-52,502,246.25	-52,502,246.25
3. Others									
(IV) Internal carrying forward of owners' equity									
1. New increase of share capital from capital reserves									
2. Convert surplus reserves to share capital									
3. Surplus reserves make up losses									
4. Others									
(V) Specific reserve									
1. Withdrawn for the period									
2. Used in the period									
(VI) Other									
IV. Balance at the end of this period	350,014,975.00		582,077,996.46		1,554,359.10		505,533,065.25	372,591,025.04	1,811,771,420.88

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