

Dalian Refrigeration Co., Ltd.
Notice of 30 Percent Equity of Dalian Bingshan Group Sale Co., Ltd. Transfer

Dalian Refrigeration Co., Ltd. (the “Company”) and its whole members of Board of Directors ensure that the public notice is real, accurate and complete, and there are no any important omissions, fictitious statements or serious misleading carried in this notice.

I. Introduction of transaction

1. Dalian Refrigeration Co., Ltd. (the “Company”) plans to enter into the Equity Transfer Contract with Wuhan New World Refrigeration Industrial Co., Ltd. (“Wuhan Refrigeration”) . Based on 10 percent equity of Dalian Bingshan Group Sales Co., Ltd. (“Bingshan Sales”) transferred, held by Dalian Bingshan Group Co., Ltd. (“Bingshan Group”), the Company will transfer 30 percent equity of Bingshan Sales to Wuhan Refrigeration with price of RMB6.843 million.

The transaction did not constitute a related transaction and material assets reorganization regulated in “Management Method of Material Assets Reorganization for Listed Company”, no need to approve by Shareholders General Meeting.

2. The Board held a meeting on 19 August 2014 for equity transfer deliberation with voting results of 9 votes in favor, 0 votes against and 0 vote waived passed.

II. Counter party

1. Information of counter party

Enterprise: Wuhan New World Refrigeration Industrial Co., Ltd.

Enterprise Nature: Limited Liability (Sino-foreign joint venture)

Registration location: No.1, Yintan Rd., Jinyintan Economic Development Zone, Wuhan City

Registered capital: RMB 100 million

Serial of business license: 420112400000255

Business scope: design, manufacture and sales of helical-lobe compressor; design, manufacture and sales of refrigeration and air conditioning equipment; design, installation, debugging and maintenance of refrigeration and air conditioning system engineering; development, research and operation of high-tech refrigeration air conditioning products; after-sale technology service.

Main shareholders: the Company (holds 51% equity), Sanyo Electric Co., Ltd. (holds 30% equity), and Dalian Bingshan Group Co., Ltd. (holds 19% equity)

2. Latest development of the counterparty

Wuhan Refrigeration is the subsidiary of the Company, which mainly engaged in the manufacture and sales of screw-type refrigeration compressor. In 2013, Wuhan Refrigeration owns total assets of RMB 449.72 million, net assets of RMB 140.11 million, achieved sales revenue of RMB 373.65 million and net profit amounting to RMB 10.68 million.

III. General information of transaction object

1. General information

Transaction object: 30 percent equity of Bingshan Sales held by the Company

Main shareholders of Bingshan Sales and shareholding ratio: the Company (holds 100 percent equity, after 10 percent equity of Bingshan Sales held by Bingshan Group transferred)

Enterprise Nature: Limited Liability

Registration location: No. 888, Xinan Rd., Shahekou District, Dalian City

Legal representative: Yang Bin

Registered capital: RMB 18 million

Serial of business license: 210200000281660

Business scope: complete set of equipment of refrigeration, air conditioner, cold chain, petro-chemical machinery, rubber and plastics machines, non-corrosive pump, high and low voltage electrical engineering and sales of its accessory, electronics & household appliances and chemical products.

Establishment: 1998-3-12

2. Financial data in latest one year and latest period of Bingshan Sale (In ten thousand Yuan)

	First half of 2014	2013
Total assets	4,404	4,489
Total liability	1,915	1,991
Total account receivable	1,454	1,468
Total amount with contingency involved	0	0
Owners equity attributable to parent company	2,278	2,281
Business revenue	1,203	3,141
Business profit	-10	80
Net profit attributable to owner of parent company	-3	29
Net cash flow arising from operation activities	-156	-177

For the above said data, financial data of 2013 was audited while data for first half of 2014 un-audited.

3. Ownership of transaction object

The transaction object has no mortgage, pledge occurred or other third party's right; has no material disputes, lawsuits or arbitration involved; and has no judicial measure of seal up and frozen either.

No non-operational capital occupation, guarantee, entrust financing and others between Bingshan Sale and the Company

4. Object value

Up to 31 December 2013, book value of owner's equity attributable to parent company under the name of Bingshan Sales audited as RMB 22.81 million, corresponding book value of transaction object amounting as RMB 6.843 million.

IV. Transaction agreement

1. Main content of equity transfer contract:

Volume of transactions: RMB 6.843 million

Payment and deadline: a one-time payment, in money terms, will pay to the Company by Wuhan Refrigeration in 30 days after equity transferred.

Enter-into-force conditions and times: take effect after signed and sealed by two parties.

2. Pricing benchmark

As for the equity transfer, pricing benchmarks based on the book value RMB 22.81 million, which was audited as the owner's equity attributable to parent company under the name of Bingshan Sales up to 31 December 2013. According to the benchmarks, the 30 percent equity of Bingshan Sales transfer, held by the Company, amounting to RMB 6.843 million.

V. Other arrangement with related transaction concerned

No related transaction occurred after transaction completed and has no horizontal competition either.

The money obtained from the equity transfer plans to fund the Company's working capital.

VI. Purpose of transaction and impact on listed company

Embrace the idea of value management, with purpose of integrated effectively for the sales and market resources of the parent company and main subsidiary- Wuhan New world Refrigeration Industrial Co., Ltd., improved market influence, competitiveness and serving ability in way of unity marketing, the Company plans to adjust the equity structure of the current subsidiary – Dalian Bingshan Group Sales Co., Ltd.

In order to effectively integrate internal resource, the Company will transfer 10 percent equity of Bingshan Sales held by Bingshan Group before the above mentioned equity transfer.

VII. Documents available for reference

1. Resolution of the Board Meeting.

Board of Directors of
Dalian Refrigeration Co., Ltd.
21 August 2014