

Stock Code: 000530; 200530
Short Form of the Stock: Daleng Gufen; Daleng B

No: 2014-021

**Dalian Refrigeration Co., Ltd.
Related Transaction of Equity Transfer of
Dalian Bingshan Group Sales Co., Ltd.**

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 related transaction

1. General information

Dalian Bingshan Group Sales Co., Ltd. ("Bingshan Sales") is founded jointly by Dalian Refrigeration Co., Ltd. ("the Company") and Dalian Bingshan Group Co., Ltd. ("Bingshan Group"). Bingshan Sales owns registered capital of RMB 18 million, mainly engaged in the sales of products with refrigeration, air conditioner and cold chain concerned. The Company holds 90 percent equity of Bingshan Sales while 10 percent held by Bingshan Group.

The Company plans to enter into *Equity Transfer Contract* with Bingshan Group according to the need of business development and resources integration in enterprise, 10 percent equity of Bingshan Sales held by Bingshan Group will transfer to the Company totally.

2. As for 21.96% equity of the Company was held by Bingshan Group, the first majority shareholder of the Company, the transaction above mentioned constitute a related transaction.

3. The 11th Meeting of 6th Session of the Board held on 19 August 2014 was deliberated the above said related transaction with voting results of 6 votes in favor, 0 vote against and 0 vote waived passed. Related director Ji Zhijian, Xu Junrao and Kijima Tadatoshi are avoiding the votes. Independent directors show prior approval for the above mentioned related transaction and air independent opinions.

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

II. General information of related party

1. Related party

Name of enterprise: Dalian Bingshan Group Co., Ltd.

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

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

Legal representative: Motoma Zhero

Registered capital: RMB 140.6 million

Serial of business license: 210200400033329

Business scope: Research, development, manufacture, sales, service and installation

of industrial refrigeration products, frozen and refrigerated products, medium and small air conditioner, petrochemical equipment, electronic control products, home appliances products and environmental protection equipment products.

Main shareholders: please see the annual report of the Company.

2. History of related party and development of main business in latest years

Dalian Bingshan Group established on 3 July 1985, it is a mixed ownership enterprise owned with a diversified investors. Bingshan Group mainly focus on thermal technology, business covers filed of industrial refrigerating and general petrochemical enterprise, food refrigeration and freezing, central and commercial air conditioning, spare parts business, engineering trading and service business.

3. Relationship between the Company and relate party

Bingshan Group holds 21.96 percent equity of the Company, and it is the first majority shareholder of the Company.

III. Particular about object of related transaction

1. Transaction object

Transaction object: 10 percent equity of Bingshan Sales held by Bingshan Group

Main shareholder of Bingshan Sales and shareholding proportion respectively: the Company (holds 90%); Bingshan Group (holds 10%)

Enterprise Nature of Bingshan Sales: 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 Sales (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 2.281 million.

IV. Pricing policy and basis of pricing

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 10 percent equity of Bingshan Sales transfer, held by Bingshan Group, amounting to RMB 2.281 million.

V. Main content of equity transfer contract

1. Volume of transactions: RMB 2.281 million
2. Payment and deadline: a one-time payment, in money terms, will pay to Bingshan Group by the Company in 30 days after equity transferred.
3. Enter-into-force conditions and times: take effect after signed and sealed by two parties.

VI. Other arrangement with related transaction concerned

The equity transfer did not involve personnel placement. No related transaction occurred after transaction completed and has no horizontal competition either.

VII. 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 30 percent equity of Bingshan Sales to subsidiary- Wuhan New World Refrigeration Industrial Co., Ltd. after the above mentioned equity transfer.

The Company will pay with the self-owned capital for the equity transfer.

VIII. Total amount of vary related transactions incurred accumulatively with affiliated person from the year beginning to the disclosure date

Totally RMB 2.281 million vary related transactions incurred accumulatively between the Company and Bingshan Group from year beginning of 2014 to the disclosure date.

IX. Prior approval and independent opinions from independent director

Independent directors of the Company show prior approval for the proposal dated 7 August 2014 and agree to submit for deliberation in 11th Meeting of 6th Session of the

Board. They believed that the related transaction is fair without interest of Company and minority shareholders violated, and benefit the business development of the Company and resources integration in enterprise; voting procedure of this related transaction was legally and related director avoiding the vote and was in full accord for the transaction.

X. Documents available for reference

1. Resolution of 11th Meeting of 6th Session of the Board;
2. Independent directors' opinion.

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