

DALIAN REFRIGERATION CO., LTD. QUARTERLY REPORT FOR THIRD QUARTER, 2014

§1 Important Notes

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

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

1.3 Chairman of the Board of Directors of the Company Mr. Ji Zhijian, Financial Majordomo Ms. Rong Yan and the head of Accounting Department Ms. Mao Chunhua hereby confirm that the financial report of the quarterly report is true and complete.

1.4 This report is written respectively in Chinese and in English. In the event of any discrepancy between the two above-mentioned versions, the Chinese version shall prevail.

§2 Major accounting data and changes of shareholders

2.1 Major accounting data and financial indexes

Is there any traceable adjustment to the financial statements for the previous report period?

√ Yes No

	2014.9.30	2013.12.31		Increase/decrease over 2013.12.31(%)
		Before adjustment	After adjustment	After adjustment
Total assets	3,083,859,491.57	2,967,390,234.89	2,967,390,234.89	3.92%
Shareholder's equity attributable to parent company	1,947,922,478.70	1,907,018,190.46	1,907,018,190.46	2.14%
	2014.7-9	Increase/decrease over 2013.7-9(%)	2014.1-9	Increase/decrease over 2013.1-9(%)
Total operating income	385,972,306.91	-2.71%	1,160,884,560.10	-2.35%
Net profit attributable to parent company	29,752,319.43	-0.54%	96,229,952.71	1.26%
Net profit attributable to parent company after deducting non-recurring gains/losses	29,325,061.69	-1.19%	93,119,621.60	1.15%
Net cash generated from operating activities	--	--	-17,394,248.71	-302.13%
Basic earnings per share	0.09	0.00%	0.27	0.00%
Diluted earnings per share	0.09	0.00%	0.27	0.00%
Return on equity	1.52%	Decrease 0.09 percentage points	5.01%	Decrease 0.21 percentage points

Item of non-recurring gains and losses	Amount from beginning of year to the end of report period
Profit and loss from disposal of non-current assets	557,965.61
Government subsidies which were included in the current profits and losses	3,511,809.82
Other non-operating incomes and expenses except the above mentioned	46,009.31
Income tax effects	1,035,869.06
Minority equity interests effects (after tax)	-30,415.43
Total	3,110,331.11

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

Total shareholders at the end of report period		40,848				
Shareholding of top ten shareholders						
Name	Nature	Proportion	Total number	Number of shares with sale restriction	Number of pledged shares or shares frozen	
Dalian Bingshan Group Co., Ltd.	Domestic non-state-owned legal person	21.96%	76,855,683	19,213,921		
SANYO ELECTRIC CO LTD	Foreign legal person	10.00%	35,001,500	0		
Hunan Aier Eye Hospital Group Co., Ltd.	Domestic non-state-owned legal person	2.00%	7,003,469	0		
BOCI SECURITIES LIMITED	Foreign legal person	0.88%	3,090,654	0		
Sun Huiming	Domestic natural person	0.56%	1,959,911	0		
Jiang Youchang	Domestic natural person	0.55%	1,939,575	0		
JOHCM INTERNATIONAL SMALL CAP EQUITY FUND	Foreign legal person	0.48%	1,695,600	0		
Lin Zhenming	Foreign natural person	0.47%	1,640,000	0		
Dalian Industrial Development Investment Company	Domestic non-state-owned legal person	0.46%	1,622,250	0		
Jiantou Zhongxin Assets Management Co., Ltd.	Domestic non-state-owned legal person	0.45%	1,575,000	0		
Particulars about shares held by the top ten negotiable shareholders not subject to conditional sales						
Name of shareholder		EORP (shares)		Type		
Dalian Bingshan Group Co., Ltd.		57,641,762		A		
SANYO ELECTRIC CO LTD		35,001,500		B		
Hunan Aier Eye Hospital Group Co., Ltd.		7,003,469		A		
BOCI SECURITIES LIMITED		3,090,654		B		
Sun Huiming		1,959,911		B		
Jiang Youchang		1,939,575		A		
JOHCM INTERNATIONAL SMALL CAP EQUITY FUND		1,695,600		B		
Lin Zhenming		1,640,000		B		
Dalian Industrial Development Investment Company		1,622,250		A		
Jiantou Zhongxin Assets Management Co., Ltd.		1,575,000		A		
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.				

Did the Company's shareholders conduct the agreed repurchase transactions in the reporting period?

☐ Yes ☒ No

Information on the total number of preferred shareholders and the shares held by top ten preferred shareholders as of the end of the reporting period

☐ Yes ☒ No

§3 Important Matters

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

✓ Applicable ☐ Inapplicable

1. Accounts receivable remarkably increased in comparison with the beginning of the year, mainly due to the customer's financial strain, which prevented from its normal payback.
2. Accounts in advance remarkably increased in comparison with the beginning of the year, mainly due to the advances for purchasing the equipment and for the project.
3. Dividend receivable remarkably increased in comparison with the beginning of the year, mainly due to increase of undue dividend receivable.
4. Interest receivable remarkably increased in comparison with the beginning of the year, mainly due to the new term-deposits in the reporting period.
5. Other receivables remarkably increased in comparison with the beginning of the year, mainly due to increase of performance bonds.
6. Other current assets remarkably increased in comparison with the beginning of the year, mainly due to insurance premium to be apportioned.
7. Accounts payable remarkably increased in comparison with the beginning of the year, mainly due to increase of accounts payable for projects.
8. Taxes payable remarkably decreased in comparison with the beginning of the year, mainly due to payment of due income tax in the reporting period.
9. Other current liabilities remarkably decreased in comparison with the beginning of the year, mainly due to amortization of incomes in the reporting period.
10. Income tax expense remarkably decreased on a year-on-year basis from January to September, mainly due to decrease of due income tax, leading to decrease of the corresponding income tax expense in the current period.
11. Minority shareholders' equity remarkably decreased on a year-on-year basis from January to September, mainly due to decrease of the profit of subsidiary companies.

3.2 Analytic description of major matters, their influence and solutions

Applicable ✓ Inapplicable

3.3 Influence of new or revised Accounting Standards for Enterprises on the financial statements of the Company

1. According to the revised Accounting Standards for Enterprises No. 2 - Long-term Equity Investments, any equity investment held by the Company, on which the Company had no control, joint control or significant influence and which fair value could not be measured reliably, was recorded as financial assets available for sale at its cost, not as long-term equity investments, and was adjusted by application of the retrospective adjustment method. Change of the said accounting policies had influence on the monetary amounts of two statement items only, i.e. financial assets available for sale and long-term equity investments, and no influence on the Company's total assets, total amount of liabilities, net assets and net profits for the whole year of 2013 and the first half of 2014. For details of adjustment items, see the Announcement on Change of Accounting Policies of the Company.
2. According to the revised Accounting Standards for Enterprises No. 9 - Employee Compensation, the Company re-evaluated the employee compensation arrangement and found no defined benefit plans.
3. According to the revised Accounting Standards for Enterprises No. 33 - Consolidated Financial Statements, the Company re-evaluated the consolidation scope of consolidated financial statements and found no change in the consolidation scope.
4. According to the new Accounting Standards for Enterprises No. 40 - Joint Venture Arrangements, the Company re-evaluated the classification of joint venture arrangements and found no joint ventures re-classified as joint operations.
5. Except for the above-mentioned items, the new or revised Accounting Standards for Enterprises had no other significant influence on the financial statements of the Company.

3.4 Undertaking matters for trial sales of state shares and implementation

✓ Applicable ☐ Inapplicable

Except the immature condition of being implementation for management share incentive scheme, Dalian Bingshan Group Co., Ltd. strictly perform the commitment in share reform.
During the report period, Dalian Bingshan Group Co., Ltd. re-regulated the commitments as follow: “Authorized Board of Daleng Gufen formulates and implements equity incentive and restriction mechanism for the management in line with relevant policy and regulations of the State, before 30 June 2016.”

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

☐ Applicable ✓ Inapplicable

3.6 Securities investment

☐ Applicable ✓ Inapplicable

Shares holding of other listed companies

☐ Applicable ✓ Inapplicable

3.7 Derivatives investment

☐ Applicable ✓ Inapplicable

3.8 Table of investigation, communication, interview received

Date of reception	Place of reception	Way of reception	Guest received	Main content of discussion
July 04, 2014	Company	Field	Research fellow of Northeast Securities	Information about the fundamentals of the Company
July 15, 2014	Company	Field	Research fellow of Fortune Securities	

§4 Financial Report (attached)

Not audited.

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