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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you have sold or transferred** all your shares in the Company, you should at once hand this circular to a licensed securities dealer, registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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**Shanghai Qingpu Fire-Fighting Equipment Co., Ltd.\***  
**上海青浦消防器材股份有限公司**

*(a joint stock limited company incorporated in the People's Republic of China)*

**(Stock Code: 8115)**

**POSSIBLE MAJOR TRANSACTION  
IN RELATION TO  
THE BIDDING OF THE SUBJECT ASSETS COMPRISING  
LAND PARCELS WITH BUILDINGS SITUATED AT  
QUZHOU CITY, ZHEJIANG PROVINCE, THE PRC**

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A letter from the Board is set out on pages 4 to 9 of this circular.

This circular will remain on the GEM website at <http://www.hkgem.com> on the "Latest Company Announcements" page for at least 7 days from the date of posting and on the Company's website at [www.shanghaiqingpu.com](http://www.shanghaiqingpu.com).

25 July 2014

\* For identification purpose only

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## CHARACTERISTICS OF GEM

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The GEM of the Stock Exchange has been positioned as a market designed to accommodate companies to which a high investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following expressions have the following meanings:*

“Announcement”	the announcement of the Company dated 11 July 2014 in relation to the Proposed Acquisition
“associate(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Auction”	an open auction to be held on or around 31 July 2014 under an order of the People’s Court of Kecheng District of Quzhou City* (衢州市柯城區人民法院) for the auction of the Subject Assets
“Auctioneer”	the auctioneer in relation to the Auction to be appointed by the People’s Court of Kecheng District of Quzhou City* (衢州市柯城區人民法院), having the necessary authority to decide on the outcome of the Auction and to enter into auction confirmation with the successful bidder and carry out all necessary procedures to complete the transactions contemplating the Auction
“Bid”	the bid to be submitted by the Company for the Subject Assets in the Auction with a maximum bid price of RMB35 million
“Board”	the board of Directors
“Buildings”	the three single-storey buildings and a four-storey building with a total gross floor area of 20,412.85 sq. m. erected on the Land
“Company”	上海青浦消防器材股份有限公司 (Shanghai Qingpu Fire-Fighting Equipment Co., Ltd.*), a joint stock limited company incorporated in the PRC and its H Shares are listed on the GEM
“Completion”	completion of the Proposed Acquisition
“connected person(s)”	has the same meaning ascribed thereto under the GEM Listing Rules
“Controlling Shareholder” or “Liancheng”	聯城消防集團股份有限公司 (Liancheng Fire-Fighting Group Company Limited*), a company established in the PRC with limited liability and the controlling Shareholder
“Director(s)”	director(s) of the Company
“Domestic Share(s)”	ordinary share(s) in the share capital of the Company, with a nominal value of RMB0.10 each, which are subscribed for in RMB by PRC nationals and/or PRC incorporated entities

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## DEFINITIONS

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“First Subject Assets”	the parcel of land with area of approximately 22,813 sq. m., a 4-storey office building with a total gross floor area of approximately 5,963.94 sq. m. and a single-storey industrial building with a total gross floor area of approximately 4,515.95 sq. m. located at Nos. 56, 綠島南路 (Lu Dao South Road*) of Quzhou City, Zhejiang Province, the PRC
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM (as amended from time to time)
“Group”	the Company and its subsidiaries
“Hengtai”	浙江恒泰房地產股份有限公司 (Zhejiang Hengtai Real Estate Joint Stock Co., Ltd.*), a joint stock limited company incorporated in the PRC and a controlling shareholder of Liancheng
“H Share(s)”	overseas listed foreign share(s) in the share capital of the Company, with a nominal value of RMB0.10 each, all of which are listed on the GEM, and subscribed for and traded in Hong Kong dollars
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Land”	a parcel of land located at Nos. 56, 綠島南路 (Lu Dao South Road*) of Quzhou City, Zhejiang Province, the PRC with an area of 46,496 sq. m.
“Latest Practicable Date”	being 22 July 2014, the latest practicable date for ascertaining certain information contained herein
“Liancheng HK”	Liancheng Fire Protection Group (Hong Kong) Company Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Controlling Shareholder
“Loan Facility”	the unsecured and interest-free RMB50 million loan facility granted by the Controlling Shareholder and Hengtai to the Company on 3 December 2010 with a term of five years, which could be extended at the discretion of the Controlling Shareholder for another two years
“PRC”	the People’s Republic of China, which for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Proposed Acquisition”	the proposed acquisition of the Subject Assets under the Auction

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## DEFINITIONS

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“Second Subject Assets”	the parcel of land with an area of 23,683 sq. m. and two single-storey industrial buildings with a total gross floor area of approximately 9,932.96 sq. m. located at Nos. 56, 綠島南路 (Lu Dao South Road*) of Quzhou City, Zhejiang Province, the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the Domestic Share(s) and the H Share(s)
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subject Assets”	the First Subject Assets and the Second Subject Assets, being, in aggregate, the Land and the Buildings
“Vendor”	浙江賽福實業有限公司 (Zhejiang Saifu Industrial Co., Ltd*), a company established in the PRC with limited liability
“RMB”	Renminbi, the lawful currency of the PRC
“sq. m.”	square meters
“%” or “per cent.”	percentage or per centum

\* *for identification purposes only*

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## LETTER FROM THE BOARD

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# Shanghai Qingpu Fire-Fighting Equipment Co., Ltd.\* 上海青浦消防器材股份有限公司

(a joint stock limited company incorporated in the People's Republic of China)

(Stock Code: 8115)

*Executive Directors:*

Mr. Zhou Jin Hui (Chairman)  
Mr. Shen Jian Zhong (Chief Executive Officer)  
Mr. Shi Hui Xing

*Non-executive Directors:*

Mr. Zhou Guo Ping  
Ms. Chai Xiao Fang

*Independent non-executive Directors:*

Mr. Wang Guo Zhong  
Mr. Yang Chun Bao  
Mr. Zhang Cheng Ying

*Registered office:*

1988 Jihe Road  
Hua Xin Town  
Qingpu District, Shanghai  
PRC

*Principal place of business  
in Hong Kong:*

Unit 2605, Island Place Tower  
510 King's Road  
North Point  
Hong Kong

25 July 2014

*To the Shareholders*

Dear Sir or Madam,

**POSSIBLE MAJOR TRANSACTION  
IN RELATION TO  
THE BIDDING OF THE SUBJECT ASSETS COMPRISING  
LAND PARCELS WITH BUILDINGS SITUATED AT  
QUZHOU CITY, ZHEJIANG PROVINCE, THE PRC**

**INTRODUCTION**

Reference is made to the announcement of the Company dated 11 July 2014 in relation to the proposed acquisition of the Subject Assets by the Company by submitting the Bid at the Auction at a price of no more than RMB35 million. The Proposed Acquisition, if materialized, shall constitute a major transaction of the Company under Chapter 19 of the GEM Listing Rules. Details of the Bid are set out below.

\* For identification purpose only

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## LETTER FROM THE BOARD

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The purpose of this circular is to provide you with, among other things, (i) further details of the Bid; (ii) further information of the Subject Assets; (iii) unaudited pro forma consolidated assets and liabilities of the Group in relation to the Proposed Acquisition; (iv) valuation report on the Subject Assets; and (v) other information as required under the GEM Listing Rules.

### THE PROPOSED ACQUISITION

#### Background

To the best of the Directors' knowledge, information and belief and after having made all reasonable enquires, the Vendor has pledged the First Subject Assets and the Second Subject Assets to two banks in the PRC, respectively, to secure its borrowings (the "**Borrowings**") from the respective bank, while the Vendor was unable to repay the respective interests when due, therefore resulted in a default of the relevant terms and conditions. The banks have applied to, and have been approved by, the People's Court of Kecheng District of Quzhou City\* (衢州市柯城區人民法院) (the "**Kecheng Court**") for putting the First Subject Assets and Second Subject Assets, respectively, up in an open auction and apply the proceeds therefrom for the settlement of the Borrowings plus accrued interests due by the Vendor to the respective banks. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, and based on the business license of the Vendor, the business scope of the Vendor includes the production of certain Type II medical instruments (being implant and artificial organ (limited to hearing aid)), investment holding, manufacture and distribution of textile machineries and electronic products, and import and export of goods and technologies, and the Vendor and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

#### Details of the Bid

Details of the Bid to be submitted by the Company as resolved by the Board are set out below:

Date of Auction	:	On or around 31 July 2014
Assets under the Auction	:	certain land use rights and buildings of the Vendor, comprising the Land and the Buildings
Maximum Bid price	:	RMB35 million, payable as per request under the Auction

The Company will publish an announcement containing, among other things, the result of the Auction and, if the Company won the Auction, the payment terms under the Auction.

#### Basis for determination the maximum Bid price

The maximum Bid price of RMB35 million is determined by the Board with reference to the valuation of the Subject Assets of RMB37.8 million as at 30 June 2014 determined by Asset Appraisal Limited, an independent professional valuer, by way of direct comparison approach which comparison based on prices realised on actual sales of comparable property is made.



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## LETTER FROM THE BOARD

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The consideration payable by the Company for the Subject Assets will be satisfied by drawing down of the Loan Facility. As advised by the Directors, as at the Latest Practicable Date, RMB8.4 million of the Loan Facility had been previously drawn down by the Company for its business use and RMB41.6 million was still available for use by the Company. The Company has obtained a bank statement of Hengtai and the transfer instruction executed by Hengtai for the drawing down of an amount upto RMB35 million from the Loan Facility by the Company, and is satisfied that the remaining balance of the Loan Facility will be available for use by the Company within a reasonable time.

### **Pre-conditions of the Bid**

The Company will make the Bid subject to the satisfaction of the following conditions:

- (i) comply with all relevant rules and regulation by the Company, including, but not limited to the GEM Listing Rules, in relation to the Proposed Acquisition; and
- (ii) receipt by the Company a legal opinion (the “**PRC Legal Opinion**”) from the PRC legal advisers on the Subject Assets to the satisfaction of the Company.

The PRC Legal Opinion shall cover, among other things, the current legal ownership of the Subject Assets, the legality of the Company to acquire the Subject Assets through the Auction and the Subject Assets to be acquired through the Auction will be free from encumbrance upon Completion.

The Company does not intend to waive any of the aforesaid pre-conditions. As at the Latest Practicable Date, the Company had received a draft PRC Legal Opinion to its satisfaction.

Once the Company successfully won the Auction for the Subject Assets, the Company will enter into an auction confirmation with the Auctioneer to confirm the successful bid on the same date, and the Company will be unconditionally obliged to purchase the Subjects Assets from the Vendor at the bid price submitted by the Company.

### **Completion**

Subject to the winning in the Auction by the Company, it is currently expected that the Company will enter into the aforesaid auction confirmation and relevant transfer contract(s) with the Vendor and/or the Auctioneer (as the case may be) in respect of the Subject Assets on or before 31 January 2015.

### **INFORMATION OF THE SUBJECT ASSETS**

The Subject Assets, with a land area of approximately 46,496 sq. m. and four buildings with a total gross floor area of approximately of 20,412.85 sq. m., are located at Nos. 56, 綠島南路 (Lu Dao South Road\*) of Quzhou City, Zhejiang Province, the PRC, comprising (I) the First Subject Assets, being (i) a parcel of land with area of approximately 22,813 sq. m.; (ii) a 4-storey office building with a total gross floor area of approximately 5,963.94 sq. m.; and (iii) a single-storey industrial building with a total gross floor area of approximately 4,515.95 sq. m.; and (II) the Second Subject Assets, being (i) a parcel of land

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## LETTER FROM THE BOARD

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with area of approximately 23,683 sq. m. and (ii) two single-storey industrial buildings with an aggregate gross floor area of approximately 9,932.96 sq. m. As at the Latest Practicable Date, the Buildings were vacant.

As the Subject Assets to be acquired would be bid through an open auction arranged by the Kecheng Court, no information on the net asset value and the net profits attributable to the Subject Assets was available to the Company. Nevertheless, to the best of the Directors' knowledge, information and belief and after having made all reasonable enquires, the Buildings (i) had not been used by the Vendor for production; (ii) had not been leased out for rental purpose in the last three years; and (iii) are currently vacant. According to the valuation report on the Subject Assets prepared by Asset Appraisal Limited, an independent professional valuer, as set out in Appendix III to this circular, the valuation of the Subject Assets as at 30 June 2014 was approximately RMB37.8 million. The valuation is arrived at by direct comparison approach which comparison based on prices realised on actual sales of comparable property is made.

### **Reasons for and the benefit of the Proposed Acquisition**

The Group is principally engaged in manufacture and sale of pressure vessels (including fire-fighting equipment products and pressure vessels products) in the PRC and overseas, provision of fire technology inspection services, manufacture and trading of iron casted grooved couplings and trading of sanitary-ware and other products.

As mentioned in the quarterly report of the Company for the three months ended 31 March 2014, the Company will continue to develop new market of high margin products/businesses and also prudently consider acquiring relevant enterprises which possess sound profitability by way of capital increment in accordance with the relevant laws and regulations in order to accelerate the growth of the profitability of the Company so that the Company will become a major enterprise in the manufacturing and sale of fire-fighting equipment and relevant business in the PRC and overseas; meanwhile, the Group is also actively seeking for opportunity to consolidate production procedures and plants in order to further reduce overhead expenses and maximize production efficiency.

As at the Latest Practicable Date, the Group had three production bases. It is proposed that the Subject Assets, if acquired by the Group, will be used in the ordinary course of business of the Group as its major production base and the Group plans to consolidate its two production bases, namely the Qingpu Factory (as defined below) and the Yangjin Factory (as defined below), into the Subject Assets. The Company's production base in Qingpu (the "**Qingpu Factory**") principally manufactures fire-fighting equipment products include fire extinguishers and fire extinguisher cylinders, and the Company's production base in Yangjin (the "**Yangjin Factory**") principally manufactures and processes metal vessels and accessories and medical machine and accessories, installs typical machine and electrical machine. The remaining production base of the Group is located in Feng Xian District of Shanghai and principally manufactures boiler tube.

The Group plans to move and consolidate all of its existing production procedures from the Qingpu Factory and the Yangjin Factory to the Subject Assets to enhance the efficiency in resources allocation, management centralization, reduce transportation costs in transferring materials between the production bases and reduce labour costs as the labour cost in Quzhou is lower than the two relevant production bases

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## LETTER FROM THE BOARD

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of the Company. Due to the difference in production procedures, the remaining production base will not be relocated to the Subject Assets. The Company will monitor and review the progress and the result of the consolidation so as to formulate further production consolidation plan as and when appropriate, and the Company may consider to relocate the remaining factory of the Group to a larger production base to enhance the potential growth and competitiveness of the Group. After the Qingpu Factory and the Yangjin Factory are completely consolidated into the Subject Assets, the Company may consider broaden its revenue stream by leasing, disposing or redeveloping the Qingpu Factory and/or the Yangjin Factory subject to the compliance of the relevant laws and regulations. In any event, the Company will comply with the relevant requirements under the GEM Listing Rules as and when appropriate.

Having considered the aforesaid, the Directors (including the independent non-executive Directors) consider that the terms of the Bid are fair and reasonable and the Proposed Acquisition is in the interests of the Company and the Shareholders as a whole.

### FINANCIAL EFFECT OF THE PROPOSED ACQUISITION

#### Earnings

The Company expects that there will not be material financial effect on the earnings of the Group immediately upon Completion.

#### Assets and liabilities

Based on the unaudited pro forma consolidated statement of assets and liabilities of the Group as set out in Appendix II to this circular, assuming Completion had taken place on 31 December 2013 and the Company won the Auction at the maximum bid price of RMB35 million, (i) the consolidated total assets of the Group would be increased from approximately RMB119.6 million to approximately RMB153.5 million, as a result of inclusion of the Subject Assets; (ii) the consolidated total liabilities of the Group would be increased from approximately RMB41.1 million to approximately RMB76.1 million, mainly as a result of the drawing down of the Loan Facility to finance the Proposed Acquisition; and (iii) the consolidated net assets of the Group would be slightly decreased from approximately RMB78.5 million to approximately RMB77.4 million.

### GEM LISTING RULES IMPLICATIONS

As certain applicable percentage ratios under Rule 19.07 of the GEM Listing Rules in respect of the Proposed Acquisition are more than 25% while all applicable percentage ratios are less than 100%, the Proposed Acquisition constitutes a major transaction for the Company and is subject to the Shareholders' approval requirement under the GEM Listing Rules.

To the best knowledge, information and belief of the Directors, as at the Latest Practicable Date, neither the Vendor, the Auctioneer nor any of their respective associates hold any Shares and therefore no Shareholder is required to abstain from voting on the proposed resolution(s) to approve the Proposed Acquisition and the transactions contemplated thereunder in general meeting of the Shareholders. Accordingly, the Company has obtained written Shareholders' approval from the Controlling Shareholder and Liancheng HK, holding in aggregate of 131,870,000 Domestic Shares and 1,300,000 H Shares,

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## LETTER FROM THE BOARD

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representing approximately 71.05% of the total issued share capital of the Company, to approve the Proposed Acquisition in lieu of holding a general meeting pursuant to Rule 19.44 of the GEM Listing Rules. Accordingly, a general meeting of the Company will not be held for approving the Proposed Acquisition and the transactions contemplated thereunder.

**As the submission of the Bid is subject to the satisfaction and/or waiver of a number of pre-conditions and the completion of the Proposed Acquisition is subject to the winning of the Bid, the Proposed Acquisition may or may not proceed. Shareholders and investors should exercise caution when dealing in the Shares.**

### **ADDITIONAL MATTERS**

Your attention is drawn to the information set out in the appendices to this circular.

Yours faithfully,  
By order of the Board  
**Shanghai Qingpu Fire-Fighting Equipment Co., Ltd.\***  
**Zhou Jin Hui**  
*Chairman*

**1. FINANCIAL INFORMATION OF THE GROUP**

Details of the published financial information of the Group for each of the three years ended 31 December 2011, 2012 and 2013, and the three months ended 31 March 2014 are disclosed in the following documents which have been published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.shanghaiqingpu.com/>):

- (i) annual report of the Company for the year ended 31 December 2011 published on 1 April 2012 (pages 23 to 85);
- (ii) annual report of the Company for the year ended 31 December 2012 published on 27 March 2013 (pages 27 to 95);
- (iii) annual report of the Company for the year ended 31 December 2013 published on 28 March 2014 (pages 25 to 107); and
- (iv) first quarterly report of the Company for the three months ended 31 March 2014 published on 13 May 2014 (pages 1 to 9).

**2. INDEBTEDNESS****Borrowings**

At the close of business on 31 May 2014, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the Group had outstanding amount due to the immediate holding company of approximately RMB8,106,000.

On 3 December 2010, Hengtai and Liancheng have undertaken to collectively provide to the Company with an unsecured interest-free shareholders' loan facility (the "Loan Facility") in the sum of not exceeding RMB50 million for a term of five years from 30 May 2010, which could be extended at the discretion of the Liancheng for another two years.

The amount due to the immediate holding company was drawn against the Loan Facility, is unsecured and interest-free.

At the Latest Practicable Date, RMB8.4 million of the Loan Facility had been previously drawn down by the Company for its business use and RMB41.6 million was still available for use by the Company. On winning the Bid, the Company will draw down RMB35 million against the Loan Facility to finance the Proposed Acquisition. The Company has obtained a bank statement of Hengtai and a transfer instruction executed by Hengtai for the drawing down an amount upto RMB35 million of the Loan Facility by the Company.

**Pledge of assets and restricted bank deposits**

At the close of business on 31 May 2014, the Group did not have any mortgage or charges.

**Debt securities**

At the close of business on 31 May 2014, the Group had no debt securities.

**Contingent liabilities**

At the close of business on 31 May 2014, the Group had no material contingent liabilities.

**Disclaimers**

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, the Group did not have outstanding at the close of business on 31 May 2014 any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptable credits, debentures, mortgages, charges, finance lease commitments, guarantees or other materials contingent liabilities.

**No material changes**

Save as disclosed herein, the Directors confirmed that there have not been any material changes in the indebtedness of the Group since 31 May 2014 up to the Latest Practicable Date.

**3. WORKING CAPITAL**

The Directors, after due and careful enquiry, are of the opinion that, in the absence of unforeseeable circumstances and after taking into account the financial resources available to the Group, including internally generated funds and the Loan Facility from the Company's immediate holding company and the ultimate controlling company, the Directors are of the opinion that the Group will have sufficient working capital to meet its present requirements for the next twelve months from the date of this circular.

**4. MATERIAL ADVERSE CHANGE**

Up to and including the Latest Practicable Date, the Directors confirm that there is no material adverse change in the financial or trading position or outlook of the Group since 31 December 2013, being the date to which the latest published audited financial statements of the Group were made up.

**5. FINANCIAL AND TRADING PROSPECTS**

As stated in the letter from the Board in this circular, the Group has three production bases. It is proposed that the Subject Assets, if acquired by the Group, will be used in the ordinary course of business of the Group as its major production base and the Group plans to consolidate two of its production bases, namely the Qingpu Factory and the Yangjin Factory, into the Subject Assets. The Qingpu Factory principally manufactures fire-fighting equipment products include fire extinguishers and fire extinguisher cylinders, and the Yangjin Factory principally manufactures and processes metal vessels and accessories and medical machine and accessories, installs typical machine and electrical machine.

The Group plans to move and consolidate all of its existing production procedures from the Qingpu Factory and the Yangjin Factory to the Subject Assets to enhance the efficiency in resources allocation, management centralization, reduce transportation costs in transferring materials between the production bases and reduce labour costs as the labour cost in Quzhou is lower than the two relevant production bases of the Company. Going forward, the Group will continue to develop new market of high margin products/businesses and also prudently consider acquiring relevant enterprises which possess sound profitability by way of capital increment in accordance with the relevant laws and regulations, and seek for opportunity to consolidate production procedures and plants in order to further reduce overhead expenses and maximize production efficiency.

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## APPENDIX II UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES OF THE GROUP

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*The Directors*

**Shanghai Qingpu Fire-Fighting Equipment Co., Limited**

Dear Sirs,

We have completed our assurance engagement to report on the unaudited pro forma consolidated statement of assets and liabilities (the “Unaudited Pro Forma Consolidated Statement of Assets and Liabilities”) of Shanghai Qingpu Fire-Fighting Equipment Co., Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”), which has been prepared by the Directors of the Company, for illustrative purposes only, to provide information about how the Proposed Acquisition (as defined herein below) might have affected the financial information presented, for inclusion in Appendix II of the circular date 25 July 2014 (the “Circular”). On 11 July 2014, the board of directors (the “Directors”) of the Company resolved that, subject to certain pre-conditions, the Company will submit a bid to acquire a parcel of land located at Nos. 56, 綠島南路 (Lu Dao South Road\*) of Quzhou City, Zhejiang Province, the PRC with an area of 46,496 sq. m., and a total of four buildings with a total gross floor area of approximately 20,412.85 sq. m. erected on the Land through an open auction arranged by the People’s Court of Kecheng District of Quzhou City\* (衢州市柯城區人民法院) (the “Proposed Acquisition”), pursuant to which the bid consideration will not be higher than RMB35,000,000. The basis of preparation of the Unaudited Pro Forma Consolidated Statement of Assets and Liabilities is set out in Appendix II to the Circular.

The Unaudited Pro Forma Consolidated Statement of Assets and Liabilities has been compiled by the directors to illustrate the impact of the Proposed Acquisition on the Group’s financial position as at 31 December 2013 as if the Proposed Acquisition had taken place at 31 December 2013. As part of this process, information about the Group’s financial position has been extracted by the Directors from the Group’s consolidated financial statements for the year ended 31 December 2013.

### **DIRECTORS’ RESPONSIBILITY FOR THE UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES**

The Directors are responsible for compiling the Unaudited Pro Forma Consolidated Statement of Assets and Liabilities in accordance with Rule 7.31 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“AG 7”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

\* For identification purpose only



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## **APPENDIX II UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES OF THE GROUP**

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### **REPORTING ACCOUNTANTS' RESPONSIBILITIES**

Our responsibility is to express an opinion, as required by Rule 7.31 (7) of the GEM Listing Rules, on the Unaudited Pro Forma Consolidated Statement of Assets and Liabilities and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Consolidated Statement of Assets and Liabilities beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus", issued by HKICPA. This standard requires that the reporting accountants comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Consolidated Statement of Assets and Liabilities in accordance with Rule 7.31 of the GEM Listing Rules and with reference to AG 7 issued by HKICPA.

For the purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Consolidated Statement of Assets and Liabilities, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Consolidated Statement of Assets and Liabilities.

The purpose of the Unaudited Pro Forma Consolidated Statement of Assets and Liabilities included in the Circular is solely to illustrate the impact of the Proposed Acquisition on unadjusted financial information of the Group as if transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the transaction would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Consolidated Statement of Assets and Liabilities has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Unaudited Pro Forma Consolidated Statement of Assets and Liabilities provide a reasonable basis for presenting the significant effects directly attributable to the transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Unaudited Pro Forma Consolidated Statement of Assets and Liabilities reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the transaction in respect of which the Unaudited Pro Forma Consolidated Statement of Assets and Liabilities has been compiled, and other relevant engagement circumstances.

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## **APPENDIX II UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES OF THE GROUP**

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The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Consolidated Statement of Assets and Liabilities.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **OPINION**

In our opinion:

- (a) the Unaudited Pro Forma Consolidated Statement of Assets and Liabilities has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Consolidated Statement of Assets and Liabilities as disclosed pursuant to Rule 7.31(1) of the GEM Listing Rules.

Yours faithfully,

**Ascenda Cachet CPA Limited**  
*Certified Public Accountants*

**Chan Yuk Tong**  
Practising Certificate Number P03723  
Hong Kong

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## APPENDIX II UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES OF THE GROUP

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### (A) UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES OF THE GROUP

#### **Introduction**

The accompanying unaudited pro forma consolidated statement of assets and liabilities of the Group (the “Unaudited Pro Forma Consolidated Statement of Assets and Liabilities”) has been prepared to illustrate the effects of the proposed acquisition of the land use rights and property located at Nos. 56, 綠島南路 (Lu Dao South Road\*) of Quzhou City, Zhejiang Province, the PRC with an area of 46,496 sq. m., and a total of four buildings with a total gross floor area of approximately 20,412.85 sq. m. (the “Land and Property”) erected on the Land through an open auction arranged by the People’s Court of Kecheng District of Quzhou City\* (衢州市柯城區人民法院) (the “Proposed Acquisition”).

The Unaudited Pro Forma Consolidated Statement of Assets and Liabilities has been prepared based on the audited consolidated statement of financial position of the Group as at 31 December 2013 as extracted from the annual report of the Company for the year ended 31 December 2013, and adjusted in accordance with the pro forma adjustments described in the notes thereto as if the Proposed Acquisition would have been completed on 31 December 2013.

The Unaudited Pro Forma Consolidated Statement of Assets and Liabilities has been prepared based on a number of assumptions, estimates, uncertainties and currently available information, and is provided for illustrative purposes only. Accordingly, as a result of the nature of the Unaudited Pro Forma Consolidated Statement of Assets and Liabilities, it may not give a true picture of the actual financial position of the Group that would have been attained had the Proposed Acquisition actually occurred on the dates indicated herein. Furthermore, the Unaudited Pro Forma Consolidated Statement of Assets and Liabilities does not purport to predict the Group’s future financial position.

The Unaudited Pro Forma Consolidated Statement of Assets and Liabilities should be read in conjunction with the financial information of the Group.

\* For identification purpose only

**APPENDIX II UNAUDITED PRO FORMA CONSOLIDATED STATEMENT  
OF ASSETS AND LIABILITIES OF THE GROUP**

**Unaudited Pro Forma Consolidated Statement Of Assets And Liabilities**

	The Group's audited consolidated statement of assets and liabilities as at 31 December 2013 RMB'000	Pro-forma Adjustments		The Group's Unaudited Pro Forma Consolidated Statement of Assets and Liabilities after the Proposed Acquisition as at 31 December 2013 RMB'000
		RMB'000 (Note i)	RMB'000 (Note ii)	
<b>Non-current assets</b>				
Property, plant and equipment	14,005	35,000	1,050	50,055
Investment properties	24,370			24,370
Prepaid land lease payments	122			122
	<u>38,497</u>			<u>74,547</u>
Total non-current assets				
<b>Current assets</b>				
Inventories	17,511			17,511
Trade and bills receivables	18,886			18,886
Prepayments, deposits and other receivables	16,237			16,237
Due from fellow subsidiaries	3,252			3,252
Cash and cash equivalents	25,267		(2,194)	23,073
	<u>81,153</u>			<u>78,959</u>
Total current assets				
<b>Current liabilities</b>				
Trade payables	12,402			12,402
Other payables and accruals	13,834			13,834
Due to immediate holding company	906			906
Due to non-controlling interest	1,496			1,496
Tax payables	324			324
	<u>28,962</u>			<u>28,962</u>
Total current liabilities				
NET CURRENT ASSETS	<u>52,191</u>			<u>49,997</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>90,688</u>			<u>124,544</u>
<b>Non-current liabilities</b>				
Loan from immediate holding company	7,800	35,000		42,800
Deferred tax liabilities	4,370			4,370
	<u>12,170</u>			<u>47,170</u>
Total non-current liabilities				
Net assets	<u>78,518</u>			<u>77,374</u>

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## APPENDIX II UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES OF THE GROUP

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*Notes:*

- (i) The adjustment is to reflect the initial recognition of the Land and Property at a purchase price of approximately RMB35,000,000 to be financed by a loan advanced by the immediate holding company, assuming the Proposed Acquisition would have been completed on 31 December 2013.
  
- (ii) The adjustment is to reflect the other costs directly attributable to the Proposed Acquisition of approximately RMB2,194,000, representing (i) property tax of approximately RMB1,050,000 (which is capitalised in the cost of Land and Property), payable at 3% of the consideration on transfer of the Land and Property under the relevant local tax rules; and (ii) auction commission and other legal and professional expenses relating to the Proposed Acquisition totaling approximately RMB1,144,000.

*The following is the text of a letter, summary of valuation and valuation certificate, prepared for the purpose of incorporation in this circular received from Asset Appraisal Limited, an independent valuer, in connection with its valuation as at 30 June 2014 of the property interests planned to be acquired by the Group.*



**Asset Appraisal Limited**  
**中誠達資產評估顧問有限公司**

Add Rm 901 9/F On Hong Commercial Building  
No.145 Hennessy Road Wanchai HK  
地址 香港灣仔軒尼詩道145號安康商業大廈9樓901室  
Tel: (852) 2529 9448  
Fax: (852) 3521 9591

25 July 2014

*The Board of Directors*

**Shanghai Qingpu Fire-Fighting Equipment Co. Ltd.**

No. 1988 Jihe Road

Hua Xin Town

Qingpu District

Shanghai City

PRC

Dear Sirs,

**Re: Valuation of Land and buildings located at No. 56 South Ludao Road, Quzhou City, Zhejiang Province, the People's Republic of China**

In accordance with the instructions from **Shanghai Qingpu Fire-Fighting Equipment Co. Ltd.** (referred to as the "Company") to value the captioned property interests (referred to as the "Property") situated in the People's Republic of China (the "PRC"), we confirm that we have carried out inspection of the Property, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the Property as at **30 June 2014** (the "date of valuation").

#### **BASIS OF VALUATION**

Our valuation of the Property represents the market value which we would define as intended to mean "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date".

#### **VALUATION METHODOLOGY**

In valuing the Market Value of the Property, the direct comparison method is adopted where comparison based on prices realised on actual sales of comparable property is made. Comparable Property of similar size, character and location are analysed and carefully weighted against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of capital values.

**ASSUMPTIONS**

Our valuation has been made on the assumption that owners sell the Property on the market in its existing state without the benefit of deferred terms contracts, leaseback, joint ventures, management agreements or any similar arrangement which would serve to affect the values of the Property.

As the Property is held by the owners by means of long term land use rights granted by the Government, we have assumed that the owner has free and uninterrupted rights to use the Property for the whole of the unexpired term of its land use rights. We have also assumed that the Property can be freely transferred on the market free from any land premium or expenses of substantial amount payable to the Government.

Other special assumptions for our valuation (if any) would be stated out in the footnotes of the valuation certificate attached herewith.

**TITLESHIP**

We have been provided with copies of legal documents regarding the Property. However, we have not verified ownership of the Property and the existence of any encumbrances that would affect ownership of it.

We have also relied upon the legal opinion provided by the PRC legal adviser, namely Deheng Shanghai Law Office (德恒上海律師事務所) to the Company on the relevant laws and regulations in the PRC, on the nature of land use rights and the Group's interests in the Property.

**LIMITING CONDITIONS**

No allowance has been made in our report for any charges, mortgages or amounts owing on the Property nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions and outgoing of an onerous nature, which could affect its value. Our valuation have been made on the assumption that the seller sells the Property on the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the value of the Property.

We have relied to a very considerable extent on the information given by the Company and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and all other relevant matters.

We have not carried out detailed site measurements to verify the correctness of the floor areas in respect of the Property but have assumed that the floor areas shown on the documents handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations.

The Property was inspected by YANG Junhao on 11 June 2014. However, no structural survey has been made. In the course of our inspection, we did not note any serious defects. We are unable to report whether the buildings and structures of the Property are free of rot, infestation or any other structural defects. No test was carried out on any of the services of the buildings and structures of the Property.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Company. We have also sought confirmation from the Company that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and we have no reason to suspect that any material information has been withheld.

In valuing the Property, we have complied with all the requirements contained in Chapter 8 to the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited and The HKIS Valuation Standards (2012 Edition) published by The Hong Kong Institute of Surveyors.

Unless otherwise stated, all monetary sums stated in this report are in Renminbi (RMB).

Our valuation certificate is attached herewith.

Yours faithfully,  
for and on behalf of  
**Asset Appraisal Limited**

**Tse Wai Leung**  
*MFin BSc MRICS MHKIS RPS(GP)*  
*Director*

*Tse Wai Leung is a member of the Royal Institution of Chartered Surveyors, a member of The Hong Kong Institute of Surveyors, a Registered Professional Surveyor in General Practice and a qualified real estate appraiser in the PRC. He is on the list of Property Valuers for Undertaking Valuations for Incorporation or Reference in Listing Particulars and Circulars and Valuations in Connection with Takeovers and Mergers of the Hong Kong Institute of Surveyors, Registered Business Valuer under the Hong Kong Business Valuation Forum and has over 10 years' experience in valuation of properties in Hong Kong, in Macau and in the PRC.*



## VALUATION CERTIFICATE

## Property to be acquired by the Group for self occupation

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 June 2014 RMB
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Land and buildings located at No.56 South Ludao Road Qujiang District Quzhou City Zhejiang Province the PRC	The property comprises two adjacent parcels of land with a total area of approximately 46,496 square metres on which three blocks of single storey industrial buildings, a 4-storey composite building and ancillary structures are erected and completed in about 2010.	The property is currently vacant.	37,800,000
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(中國浙江省衢州市衢江區綠島南路56號之土地及建築物)

The gross floor area (GFA) of the aforesaid buildings are summarized as follow:

Building	Usage	GFA (sq. m.)
Block 3	Office/ Dormitory	5,963.94
Block 4	Industrial	4,966.48
Block 6	Industrial	4,515.96
Block 7	Industrial	<u>4,966.48</u>
<b>Total:</b>		<b><u>20,412.85</u></b>

The ancillary structures mainly include gates, guardrooms and car sheds.

The land use rights of the property have been granted for a term expiring on 9 August 2060 for industrial use.

*Notes:*

1. As revealed from 2 sets of Land Use Rights Certificates (Ref: Qu Zhou Guo Yong (2011) Nos.0084427 and 0084428, 衢州國用(2011)第0084427及0084428號)) both dated 4 December 2011, the land use rights of the property with a total land area of 46,496 square metres are held by Zhejiang Saifu Industrial Company Limited (浙江賽福實業有限公司) for a land use right term expiring on 9 August 2060 for industrial use.
2. As revealed from 3 sets of Building Ownership Certificate (Ref: Qu Fang Quan Zheng Qu Zhou Shi Zi Nos. 201116513 to 201116515 (衢房權証衢州市字第201116513至201116515號)) issued and registered on 7 November 2011, a 4-storey composite building with a gross floor area of 5,963.94 square metres and 2 single-storey industrial buildings with a total gross floor area of 9,932.96 square metres are held Zhejiang Saifu Industrial Company Limited.
3. As revealed from a set of Building Ownership Certificate (Ref: Qu Fang Quan Zheng Qu Zhou Shi Zi No. 201213422) issued and registered on 18 July 2012, a single-storey composite building with a gross floor area of 4,515.95 square metres is held Zhejiang Saifu Industrial Company Limited.
4. In accordance with the information provided by the Group, the status of title and grant of major approvals and licences are as follows:

State-owned Land Use Rights Certificate	:	Yes
Building Ownership Certificate	:	Yes
Planning Permit of Construction Land	:	N/A
Planning Permit of Construction Work	:	N/A
Construction Work Commencement Permit	:	N/A

5. The opinion from the PRC legal adviser of the Company on the property is as follows:
  - i. The land use rights and building ownership rights of the Property are held by Zhejiang Saifu Industrial Company Limited.
  - ii. Zhejiang Saifu Industrial Company Limited has pledged a portion of the subject land parcel with an area of 22,813 square metres (Land Use Right Certificate Ref: Qu Zhou Guo Yong (2011) No. 0084428) together with Block 3 and Block 6 of the subject buildings to Industrial and Commercial Bank of China Ltd. Quzhou Kecheng Branch (中國工商銀行股份有限公司衢州柯城支行) for a maximum loan amount of RMB17,305,000.
  - iii. Zhejiang Saifu Industrial Company Limited has pledged the remaining portion of the subject land parcel with an area of 23,683 square metres (Land Use Right Certificate Ref: Qu Zhou Guo Yong (2011) No. 0084427) together with Block 4 and Block 7 of the subject buildings to Agricultural Bank of China Ltd. Quzhou Quhua Branch (中國農業銀行股份有限公司衢州衢化支行) for a maximum loan amount of RMB23,007,900.
  - iv. The following encumbrance certificates (他項權証) in connection with the above property mortgages have been issued:
 

Land Parcel 1 (22,813 m <sup>2</sup> )	衢市他項(2012)第3-0001460號
Land Parcel 2 (23,683 m <sup>2</sup> )	衢市他項(2012)第3-0085323號
Block No. 3	衢房他證衢州市字第T2012090175號
Block No. 4	衢房他證衢州市字第T2012040269號
Block No. 6	衢房他證衢州市字第T2012090176號
Block No. 7	衢房他證衢州市字第T2012040268號
  - v. Due to the default of Zhejiang Saifu Industrial Company Limited for the above mortgage loans, the concerned mortgagees have applied to the Court of Kecheng (柯城法院) for sale of the Property.

- vi. According to the PRC Property Law (中華人民共和國物權法), the mortgagee has the first priority to repay the loan from the sale proceeds in case of default.
- vii. According to the PRC Civil Litigation Law (中華人民共和國民事訴訟法), the mortgagee is entitled to claim mortgaged asset rights from the local People's Court (where the concerned assets are located or their title registration is effected). If the application is accepted, the mortgagee can request the court to execute the order for sale.
- viii. According to the Rules from the Highest People's Court in Governing the Auctioning or disposing of Assets by People's Courts (最高人民法院關於人民法院民事執行中拍賣、變賣財產的規定), for any repayment of loans by sale proceeds from auction or by possession of the assets in case of unsold auction, the People's Court should lay down judgment and pass all the sale proceeds together with any shortfall to the purchaser or the receiver (買受人或者承受人).
- ix. After completing the auction, the purchaser should transfer the amount to a designated bank account of the People's Court within a prescribed time period.
- x. After the property transaction and loan repayment by the sale proceeds, all legal rights of the property shall be transferred to the purchaser or the receiver.
- xi. To protect the legal interest of the property purchaser of the auction, the People's Court should eliminate all third parties' rights such as leasehold interest in the property before disposing the property by way of auction.
- xii. Upon acquiring the Property by the Company or its subsidiary in the auction, it shall be issued with a Transaction Confirmation Certificate by the auctioneer and a court judgment. Then the title to the Property shall be transferred to the Company free from any encumbrances including but not limiting to the aforesaid defaulted mortgage loans.

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (i) the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive; and (ii) there are no other matters the omission of which would make any statement in this circular misleading. All Directors issuing this circular jointly and severally accept full responsibility for the accuracy of information contained in this circular and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this circular have been arrived at after due and careful consideration and there are no other facts not contained in this circular, the omission of which would make any statement in this circular or this circular misleading.

## 2. DISCLOSURE OF INTERESTS BY DIRECTORS

As at the Latest Practicable Date, the interests and short positions of the Directors, supervisors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to the Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors, supervisors and chief executives of the Company to be notified to the Company and the Stock Exchange were as follows:

### Long position in the Shares

Name	Type of interest	Number of Shares held	Approximate % of the issued Share capital of the Company
Mr. Zhou Jin Hui (Note 1)	Held by controlled corporation	133,170,000	71.05%

*Note 1:*

Liancheng held 131,870,000 Domestic Shares. Liancheng HK, a 100% subsidiary of Liancheng, held 1,300,000 H Shares. Hengtai held 80% of the equity interest in Liancheng and Mr. Zhou Jin Hui held 58% and 20% of the equity interest in Hengtai and Liancheng respectively. Accordingly, Mr. Zhou Jin Hui was deemed to be interested in 131,870,000 Domestic Shares and 1,300,000 H Shares. 131,870,000 Domestic Shares represented 100% of the total issued Domestic Shares; 1,300,000 H Shares represented approximately 2.34% of the total issued H Shares.

Save as disclosed above, none of the Directors, supervisors, chief executives nor their associates had any interests or short positions in any Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as at the Latest Practicable Date.

### 3. INTERESTS OF SUBSTANTIAL SHAREHOLDERS

#### (a) Substantial shareholders of the Company

As at the Latest Practicable Date, so far as is known to the Directors, supervisors and chief executives of the Company, the following persons (other than a Director, supervisor or chief executive of the Company) had or were deemed to have interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

#### Long Position in the Shares – Substantial shareholders

Name	Type of interest	Number of Shares held	Approximate % of the issued Share capital of the Company
Liancheng (Note 1)	Beneficial owner	131,870,000 (Note 2)	70.36%
	Held by controlled corporation	1,300,000 (Note 3)	0.69%
Hengtai (Note 4)	Held by controlled corporation	131,870,000 (Note 2) (Note 3)	70.36%
	Held by controlled corporation	1,300,000 (Note 3)	0.69%

#### Notes:

1. Mr. Zhou Jin Hui, an executive Director, is a director of Liancheng. Ms. Chai Xiao Fang, a non-executive Director, is a supervisor of Liancheng.
2. All represent domestic shares of the Company. 131,870,000 Domestic Shares represented 100% of the total issued Domestic Shares.
3. Liancheng held 131,870,000 Domestic Shares. Liancheng HK, a 100% subsidiary of Liancheng, held 1,300,000 H Shares. Hengtai held 80% of the equity interest in Liancheng and Mr. Zhou Jin Hui held 58% and 20% of the equity interest in Hengtai and Liancheng respectively. Accordingly, Hengtai and Mr. Zhou Jin Hui were deemed to be interested in 131,870,000 Domestic Shares and 1,300,000 H Shares in the Company. 1,300,000 H Shares represented approximately 2.34% of the total issued H Shares.

4. Mr. Zhou Jin Hui, an executive Director, is a director of Hengtai. Ms. Chai Xiao Fang, a non-executive Director, is the deputy general manager of Hengtai.

**(b) Holders of 10% or more share capital of a member of the Group**

As at the Latest Practicable Date, so far as was known to the Directors, supervisors and chief executives, the following persons were directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group (other than as disclosed above).

Name of shareholder of the member of the Group	Name of member of the Group	Approximately percentage of shareholding in that member
Ms. Xing Li Juan	Liming (as defined below)	10%
上海洋涇工業公司 (Shanghai Yangjing Industrial Co.*)	Special Cylinder (as defined below)	40%

Save as disclosed above, as at the Latest Practicable Date, so far as is known to the Directors, supervisors and chief executives of the Company, there was no other person who had interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO, or had a direct or indirect interests amounting to 10% or more of nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of a member of the Group.

**4. DIRECTORS' INTERESTS IN ASSETS/CONTRACTS AND OTHER INTERESTS**

As at the Latest Practicable Date, none of the Directors, was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Group subsisting at the Latest Practicable Date which was significant in relation to the business of the Company.

None of the Directors has any direct or indirect interest in any assets which have been, since 31 December 2013 (being the date to which the latest published audited consolidated financial statements of the Group were made up) and up to the Latest Practicable Date, acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

**5. DIRECTORS' AND CONTROLLING SHAREHOLDER'S INTERESTS IN COMPETING BUSINESSES**

None of the Directors, Liancheng or their respective associates were interested in any business apart from the Group's businesses, which competes or was likely to compete, whether directly or indirectly, with the businesses of the Group as at the Latest Practicable Date.

\* for identification purpose only

## 6. EXPERTS AND CONSENTS

The following is the qualifications of the experts who have given opinions or advice for incorporation in this circular and is contained in this circular:

Name	Qualification
Ascenda Cachet CPA Limited	Certified Public Accountants
Asset Appraisal Limited	Independent professional valuer

Each of Ascenda Cachet CPA Limited and Asset Appraisal Limited has confirmed that as at the Latest Practicable Date, it did not have any beneficial shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; nor did it have any direct or indirect interests in any assets which have since 31 December 2013 (being the date to which the latest published audited consolidated financial statements of the Company were made up) been or proposed to be acquired or disposed of by or leased to any member of the Group.

Each of Ascenda Cachet CPA Limited and Asset Appraisal Limited has given and has not withdrawn, its written consent to the issue of this circular with the inclusion herein of its opinion prepared for the purpose of incorporation in this circular, and the references to its name and opinion in the form and context in which they respectively appear.

## 7. MATERIAL CONTRACTS

The following contracts have been entered into by the Group (not being contracts entered into in the ordinary course of business) after the date two years immediately preceding the issue of the Announcement and up to the Latest Practicable Date and are or may be material:

- (i) the conditional agreement dated 7 November 2012 (the “**2012 Sale and Purchase Agreement**”) entered into between the Controlling Shareholder and Mr. Wang Shen, as vendors, and the Company and 上海黎明消防檢測有限公司 (Shanghai Liming Fire Testing Co., Ltd.\*) (“**Liming**”), as purchasers, in relation to the sale and purchase of the entire equity interest in 上海鐵錨壓力容器(集團)有限公司 (Shanghai Anchor Pressure Vessel (Group) Co., Ltd.\*) (“**Anchor**”) at an aggregate consideration of RMB6 million;
- (ii) the agreement dated 7 November 2012 entered into between the Controlling Shareholder, Mr. Wang Shen, the Company, Liming, Anchor and 上海高壓特種氣瓶有限公司 (Shanghai Pressure Special Gas Cylinder Co., Ltd.\*) (“**Special Cylinder**”) in relation to the exclusion of the right to claim, interests and benefits arisen and derived from the relevant property as belonged to Anchor through its interest in Special Cylinder under the 2012 Sale and Purchase Agreement;

- (iii) the supplemental agreement dated 12 March 2013 entered into between the Controlling Shareholder and Mr. Wang Shen, as vendors, and the Company and Liming, as purchasers, in relation to, among all, extension of the long stop date of the 2012 Sale and Purchase Agreement from 28 February 2013 to 28 June 2013 and confirmation of the continuity and effect of the 2012 Sale and Purchase Agreement; and
- (iv) the second supplemental agreement dated 20 May 2013 entered into between the Controlling Shareholder and Mr. Wang Shen, as vendors, and the Company and Liming, as purchasers, in relation to, among all, extension of the long stop date of the 2012 Sale and Purchase Agreement from 28 June 2013 to 31 December 2013.

## 8. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into any existing or proposed service contracts with the Company, any other members of the Group or associated companies of the Company which is not expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation).

## 9. LITIGATION

As at the Latest Practicable Date, the Directors are not aware that any member of the Group was engaged in any litigation, arbitration or claim of material importance and there was no litigation, arbitration or claim of material importance known to the Directors to be pending or threatened against any members of the Group.

## 10. CORPORATE INFORMATION OF THE COMPANY

<b>Registered Office</b>	1988 Jihe Road Hua Xin Town Qingpu District, Shanghai PRC
<b>Principal place of business</b>	Unit 2605 Island Place Tower 510 King's Road North Point Hong Kong
<b>Stock Code</b>	8115
<b>Branch share register</b>	Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17/F Hopewell Centre 183 Queen's Road East Wanchai Hong Kong



**11. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection during normal business hours at the principal place of business of the Company in Hong Kong at Unit 2605, Island Place Tower, 510 King's Road, North Point, Hong Kong from the date of this circular up to and including 11 August 2014:

- (i) this circular;
- (ii) the articles of association of the Company;
- (iii) the Company's annual reports for the two years ended 31 December 2012 and 2013;
- (iv) Ascenda Cachet CPA Limited's letter on the unaudited pro forma consolidated statement of assets and liabilities of the Group, the text of which are set out in Appendix II to this circular;
- (v) the valuation report on the Subject Assets issued by Asset Appraisal Limited, the text of which are set out in Appendix III to this circular;
- (vi) the written consents as referred to in the paragraph headed "Experts and consents" in this appendix; and
- (vii) the material contracts as set out in this appendix.

**12. GENERAL**

1. The English text of this circular shall prevail over the Chinese text.
2. The secretary of the Company is Mr. Chan Chi Wai Benny who has been admitted to the status of certified practising accountant of the Australian Society of Certified Practising Accountants (now known as CPA Australia) since 1999.
3. The compliance officer of the Company is Mr. Shi Hui Xing, an executive Director.
4. The audit committee of the Company comprises Yang Chun Bao and Zhang Cheng Ying, who are independent non-executive Directors and Chai Xiao Fang, who is a non-executive Director. The primary duties of the audit committee are to review and monitor the Company's financial reporting process and internal control system.

Mr. Yang Chun Bao is a certified public accountant registered with the Chinese Institute of Certified Public Accountants. He has more than 31 years of experience in finance and accounting. Mr. Yang joined Shanghai Huashen Certified Public Accountants Ltd.\* (上海華申會計師事務所有限公司) in November 1973 and became a deputy supervisor (副主任) of the accounting firm in June 2005. In July 2011, he was promoted to be the accountant-in-charge (主任會計師) of the firm. Mr. Yang was conferred a degree of master of science in business administration by Madonna University at Livonia, Michigan, the USA in December 1999.

Ms. Chai Xiao Fang has more than 17 years of experience in finance and management. As advised by Hengtai, Ms. Chai has been the deputy general manager of Hengtai since June 2003. Prior to joining Hengtai in June 2003, she worked in the Jiangshan branch of China Construction Bank as relationship manager from December 1994 to May 2003. Ms. Chai is also a supervisor of Liancheng. Ms. Chai completed the accountancy programme in Zhejiang Province Zhonghua Accountancy Distant Learning College\* (浙江省中華會計函授學院) and the economic and management programme in Hangzhou University\* (杭州大學) in 1996. In addition, she completed the law programme of network education in China University of Geosciences\* (中國地質大學) in 2005 and the training programme for financial controller in 2006 and the training programme for senior manager in 2008 both organised by the Professional Managers Training Centre\* (職業經理訓練中心) of Tsinghua University\* (清華大學).

Mr. Zhang Cheng Ying is also an independent director of SOYEA Technology Co., Ltd.\* (數源科技股份有限公司), a company listed on the Shenzhen Stock Exchange. He has over 26 years of experience in public administration. He was the secretary for the Zhejiang Province State-owned Assets Supervision and Administration Commission\* (浙江省國有資產管理局) from November 1989 to July 1995, and the commissioner and deputy commissioner of the Zhejiang Province Finance Supervisory Commissioner Office of Ministry of Finance\* (財政部駐浙江省財政監察專員辦事處) from July 1995 to February 2005. He had worked in the Zhejiang Provincial Civil Air Defence Office\* (浙江省人民防空辦公室) during the period from October 1978 to November 1989. Mr. Zhang completed the industrial and electrical automation programme (工業電氣自動化) in Zhejiang University\* (浙江大學) in 1975.