



# 中國消防企業集團有限公司 CHINA FIRE SAFETY ENTERPRISE GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)  
Stock Code : 445



*Interim Report*  
**2016**

## HIGHLIGHTS

- Turnover of the Group from continuing operations for the six months ended 30 June 2016 decreased 26% to RMB229 million, as compared to the corresponding period in 2015.
- Profit from continuing operations for the six months ended 30 June 2016 dropped 85% to RMB3 million.
- The basic and diluted earnings per share from continuing and discontinued operations for the six months ended 30 June 2016 was RMB0.08 cent (2015: RMB0.58 cent per share).
- The Board does not recommend the payment of a dividend for the six months ended 30 June 2016.



The board of Directors (the “Board”) of the Company hereby announces the unaudited interim results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 June 2016, together with the comparative figures for the corresponding period in 2015, as follows:

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	(Unaudited)	
		For the six months ended 30 June	
		2016 RMB'000	2015 RMB'000
<b>Continuing operations</b>			
Revenue	2	228,847	310,839
Cost of sales and services		(181,747)	(251,775)
<b>Gross profit</b>		<b>47,100</b>	<b>59,064</b>
Other income	3	2,202	2,576
Selling and distribution costs		(7,832)	(9,341)
Administrative expenses		(31,211)	(25,617)
Share of loss of an associate		(1,772)	(99)
Finance costs		(1,103)	(2,614)
<b>Profit before tax</b>		<b>7,384</b>	<b>23,969</b>
Income tax expense	4	(4,287)	(3,850)
<b>Profit for the period from continuing operations</b>	5	<b>3,097</b>	<b>20,119</b>
<b>Discontinued operations</b>			
Profit for the period from discontinued operations	6	–	1,483
<b>Profit for the period</b>		<b>3,097</b>	<b>21,602</b>
<b>Other comprehensive income:</b>			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		3,977	–
<b>Other comprehensive income for the period, net of tax</b>		<b>3,977</b>	<b>–</b>
<b>Total comprehensive income for the period</b>		<b>7,074</b>	<b>21,602</b>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME (continued)

	<i>Note</i>	(Unaudited) For the six months ended 30 June	
		2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
<b>Profit for the period attributable to:</b>			
Owners of the Company		3,097	16,653
Non-controlling interests		–	4,949
		<b>3,097</b>	<b>21,602</b>
<b>Total comprehensive income for the period attributable to:</b>			
Owners of the Company		7,074	16,653
Non-controlling interests		–	4,949
		<b>7,074</b>	<b>21,602</b>
<b>Earnings per share (RMB cent)</b>	<i>7</i>		
From continuing and discontinued operations			
Basic		0.08	0.58
Diluted		0.08	0.58
From continuing operations			
Basic		0.08	0.53
Diluted		0.08	0.53

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		(Unaudited) At 30 June 2016 RMB'000	(Audited) At 31 December 2015 RMB'000
	<i>Notes</i>		
<b>Non-current assets</b>			
Property, plant and equipment		187,630	192,241
Prepaid land lease payments		32,952	33,349
Goodwill		7,630	7,630
Investments in associates		421,737	419,532
		<b>649,949</b>	<b>652,752</b>
<b>Current assets</b>			
Inventories		122,528	136,715
Trade and bills receivables	9	243,661	272,231
Prepayments, deposits and other receivables		79,804	63,660
Amount due from associates		77,531	75,289
Prepaid land lease payments		794	794
Pledged bank deposits		4,284	10,726
Bank and cash balances		89,072	105,059
		<b>617,674</b>	<b>664,474</b>
<b>Current liabilities</b>			
Trade and other payables	10	215,556	265,053
Bank borrowings		30,000	40,000
Current tax liabilities		4,196	5,586
		<b>249,752</b>	<b>310,639</b>
<b>Net current assets</b>		<b>367,922</b>	<b>353,835</b>
<b>NET ASSETS</b>		<b>1,017,871</b>	<b>1,006,587</b>
<b>Capital and reserve</b>			
Share capital		39,977	39,977
Reserves		977,894	966,610
<b>TOTAL EQUITY</b>		<b>1,017,871</b>	<b>1,006,587</b>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(Unaudited)  
For the six months  
ended 30 June

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Net cash used in operating activities	(12,358)	(48,207)
Net cash generated from/(used in) investing activities	6,459	(17,572)
Net cash used in financing activities	(10,000)	(42,000)
<b>Net decrease in cash and cash equivalents</b>	<b>(15,899)</b>	<b>(107,779)</b>
Cash and cash equivalents at 1 January	105,059	202,017
Effect of foreign exchange rate changes	(88)	–
<b>Cash and cash equivalents at 30 June</b>	<b>89,072</b>	<b>94,238</b>
<b>Analysis of cash and cash equivalents at 30 June</b>		
Bank and cash balances	89,072	94,238

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**For the six months ended 30 June 2016**  
**(Unaudited)**

	Attributable to owners of the Company											
	Share capital	Share premium	Special reserve	Capital reserve	Statutory surplus reserve	Statutory public welfare fund	Share-based payment reserve	Exchange reserve	Retained profits	Total	Non-controlling interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2015	30,168	646,363	(6,692)	88,783	32,803	19,724	-	(6,018)	(256,008)	549,123	54,036	603,159
Total comprehensive income for the period	-	-	-	-	-	-	-	-	16,653	16,653	4,949	21,602
Disposal of subsidiaries	-	-	-	-	(32,803)	(19,724)	-	(493)	52,527	(493)	-	(493)
Proposed interim dividend payable out of share premium account	-	(69,496)	-	-	-	-	-	-	-	(69,496)	-	(69,496)
Total comprehensive income and changes in equity for the period	-	(69,496)	-	-	(32,803)	(19,724)	-	(493)	69,180	(53,336)	4,949	(48,387)
At 30 June 2015	30,168	576,867	(6,692)	88,783	-	-	-	(6,511)	(186,828)	495,787	58,985	554,772
At 1 January 2016	39,977	1,037,907	(6,692)	88,783	-	-	4,111	(1,498)	(156,001)	1,006,587	-	1,006,587
Total comprehensive income for the period	-	-	-	-	-	-	-	3,977	3,097	7,074	-	7,074
Share based payment	-	-	-	-	-	-	4,210	-	-	4,210	-	4,210
Total comprehensive income and changes in equity for the period	-	-	-	-	-	-	4,210	3,977	3,097	11,284	-	11,284
At 30 June 2016	39,977	1,037,907	(6,692)	88,783	-	-	8,321	2,479	(152,904)	1,017,871	-	1,017,871

Notes:

1 **Basis of preparation**

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange and with the Hong Kong Accounting Standard 34, *Interim Financial Reporting*. The accounting policies adopted in preparing the condensed consolidated financial statements for the six months ended 30 June 2016 are consistent with those in the preparation of the Group's annual financial statements for the year ended 31 December 2015.

2 **Revenue**

Revenue from continuing operations represents the proceeds of sale of fire engines and fire prevention and fighting equipment during the period less discounts and sales related tax.

3 **Other income**

	(Unaudited)	
	For the six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
<b>Continuing operations</b>		
Interest income	824	1,042
Rental income	–	212
Gain on disposal of subsidiaries	–	577
Sundry income	1,378	745
	<b>2,202</b>	<b>2,576</b>

4 **Income tax expense**

Income tax in relation to continuing operations has been recognized in profit or loss as follows:

	(Unaudited)	
	For the six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
<b>Current tax – PRC Enterprise Income Tax</b>		
Current period	4,287	3,030
Under provision in prior years	–	820
	<b>4,287</b>	<b>3,850</b>

No provision for Hong Kong Profits Tax has been made as the relevant group entities have no assessable profits for both 2015 and 2016. Income tax on profits arising in the PRC has been provided based on the prevailing tax rates applicable to the respective group entities.



5 **Profit for the period from continuing operations**

Profit for the period from continuing operations has been arrived at after charging/(crediting) the following:

	(Unaudited)	
	For the six months ended 30 June	
	2016	2015
	<i>RMB'000</i>	<i>RMB'000</i>
Amortisation of prepaid land lease payments	397	363
Depreciation of property, plant and equipment	5,394	5,399
Gain on disposal of subsidiaries	-	(577)
Unrecoverable amount due from associates written off	-	1,270

6 **Discontinued operations**

The Group entered into a sales and purchase agreement to dispose of the entire equity interests in a group of subsidiaries (the “Disposal”) that had been engaged mainly in the provision of installation and maintenance of fire prevention and fighting systems services on 27 February 2015 and decided to cease operating such services upon completion of the Disposal. The Disposal was completed in April 2015.

As the Disposal constituted a discontinuance of major lines of business, the profit or loss of the respective subsidiaries, up to the date of Disposal completion, have been classified as discontinued operations and disclosed separately as follows:

	(Unaudited)	
	For the six months ended 30 June	
	2016	2015
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Profit for the period from discontinued operations:</b>		
Revenue	-	97,221
Cost of sales and services	-	(94,178)
Gross profit	-	3,043
Other income	-	1,613
Administrative expenses	-	(1,825)
Profit before tax	-	2,831
Income tax expense	-	(1,348)
Profit for the period from discontinued operations	-	1,483

6 Discontinued operations (continued)

Profit for the period from discontinued operations include the followings:

	(Unaudited)	
	For the six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
Gain on disposal of subsidiaries	–	1,556
<b>Cash flows from discontinued operations:</b>		
Net cash outflow from operating activities	–	(21,561)
Net cash outflow from investing activities	–	(13,220)
<b>Net cash outflow</b>	<b>–</b>	<b>(34,781)</b>

7 Earnings per share

The calculations of the basic and diluted earnings per share are based on the following:

	From continuing and discontinued operations (Unaudited)	
	For the six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
Profit for the period attributable to owners of the Company	3,097	16,653
	'000	'000
Weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings per share	4,078,571	2,855,000

There was no dilutive effect of the share options granted to the earnings per share as the average market price of the shares of the Company for the six months ended 30 June 2016 was lower than the exercise price of the share options granted. There was no dilutive potential ordinary shares existed for the six months ended 30 June 2015.

7 Earnings per share (continued)

	From continuing operations (Unaudited)		From discontinued operations (Unaudited)	
	For the six months ended 30 June		For the six months ended 30 June	
	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Profit for the period attributable to owners of the Company	3,097	15,170	-	1,483

The weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings per share from continuing operations and for that from discontinued operations were also 4,078,571,000 shares (2015: 2,855,000,000 shares). The basic and diluted earnings per share from discontinued operations for the six months ended 30 June 2015 was RMB0.05 cent. All of the discontinued operations were disposed of in 2015.

8 Dividends

The Board does not recommend the payment of a dividend for the six months ended 30 June 2016 (2015: nil).

9 Trade and bills receivables

	(Unaudited)	(Audited)
	At 30 June 2016 <i>RMB'000</i>	At 31 December 2015 <i>RMB'000</i>
Trade and bills receivables	261,232	289,802
Less: Allowance for bad and doubtful debts	(17,571)	(17,571)
	243,661	272,231

The Group allows an average credit period of 30 days to 90 days to its trade customers.

9 Trade and bills receivables (continued)

The aging analysis of trade and bills receivables, based on the invoice date, net of allowance for bad and doubtful debts is as follows:

	(Unaudited) At 30 June 2016 RMB'000	(Audited) At 31 December 2015 RMB'000
0 – 90 days	112,324	124,305
91 – 180 days	31,305	85,583
181 – 360 days	69,025	18,990
Over 360 days	31,007	43,353
	<b>243,661</b>	<b>272,231</b>

10 Trade and other payables

	(Unaudited) At 30 June 2016 RMB'000	(Audited) At 31 December 2015 RMB'000
Trade payables	93,944	95,757
Accrued charges	72,015	69,459
Receipts in advance	31,821	80,706
Value added tax, sales tax and other levies	17,776	19,131
	<b>215,556</b>	<b>265,053</b>

The aging analysis of trade payables, based on the date of receipt of goods, is as follows:

	(Unaudited) At 30 June 2016 RMB'000	(Audited) At 31 December 2015 RMB'000
0 – 30 days	27,844	44,865
31 – 60 days	22,468	15,424
61 – 90 days	14,132	12,818
Over 90 days	29,500	22,650
	<b>93,944</b>	<b>95,757</b>



## SEGMENT INFORMATION

The Group has the following two operating segments:

- production and sale of fire engines; and
- production and sale of fire prevention and fighting equipment.

The Group's operating segments are strategic business units that offer different products and services. They are managed separately because each business requires different production techniques and marketing strategies.

The accounting policies of the operating segments are the same as those adopted in preparing the consolidated financial statements. Segment profits or losses do not include interest income, gain on disposal of subsidiaries, unallocated corporate expenses, share of losses of associates and finance costs.

The Group accounts for inter-segment sales and transfers as if the sales or transfers were to third parties, i.e. at current market prices.

Information about operating segment profit or loss from continuing operations:

For the six months ended 30 June 2016 (unaudited)

	Production and sale of fire engines <i>RMB'000</i>	Production and sale of fire prevention and fighting equipment <i>RMB'000</i>	Elimination <i>RMB'000</i>	Total <i>RMB'000</i>
<b>REVENUE</b>				
External sales	185,511	43,336	–	228,847
Inter-segment sales	–	1,241	(1,241)	–
<b>Total</b>	<b>185,511</b>	<b>44,577</b>	<b>(1,241)</b>	<b>228,847</b>
<b>RESULTS</b>				
Segment profit	16,124	2,833		18,957
Interest income				824
Unallocated corporate expenses				(9,522)
Share of loss of an associate				(1,772)
Finance costs				(1,103)
<b>Profit before tax</b>				<b>7,384</b>
<b>Income tax expense</b>				<b>(4,287)</b>
<b>Profit for the period from continuing operations</b>				<b>3,097</b>



## SEGMENT INFORMATION (continued)

For the six months ended 30 June 2015 (unaudited)

	Production and sale of fire engines <i>RMB'000</i>	Production and sale of fire prevention and fighting equipment <i>RMB'000</i>	Elimination <i>RMB'000</i>	Total <i>RMB'000</i>
<b>REVENUE</b>				
External sales	261,561	49,278	–	310,839
Inter-segment sales	–	2,739	(2,739)	–
<b>Total</b>	<b>261,561</b>	<b>52,017</b>	<b>(2,739)</b>	<b>310,839</b>
<b>RESULTS</b>				
Segment profit	33,372	2,468		35,840
Interest income				1,042
Gain on disposal of subsidiaries				577
Unallocated corporate expenses				(10,777)
Share of loss of an associate				(99)
Finance costs				(2,614)
Profit before tax				23,969
Income tax expense				(3,850)
Profit for the period from continuing operations				20,119



## SHARE OPTIONS

As at 30 June 2016, the Company has the following share options outstanding which was granted to certain directors of the Company and full time employees of the Group in accordance with the terms of the share option scheme of the Company adopted on 29 May 2009.

Grantees	Date of grant	Number of shares of HKD0.01 each of the Company issuable under the options		Exercise price (HK\$)	Percentage of issued share capital of the Company
		Granted at date of grant	Outstanding at 1 January 2016 and 30 June 2016		
<b>Directors of the Company</b>					
Mr. Jiang Xiong	26 August 2015	4,000,000	4,000,000	0.42	0.098%
Dr. Loke Yu	26 August 2015	4,000,000	4,000,000	0.42	0.098%
Mr. Heng Ja Wei	26 August 2015	4,000,000	4,000,000	0.42	0.098%
Mr. Ho Man	26 August 2015	2,000,000	2,000,000	0.42	0.049%
		14,000,000	14,000,000		0.343%
<b>Other employees</b>	26 August 2015	101,625,000	101,625,000	0.42	2.492%
		115,625,000	115,625,000		2.835%

The options outstanding at 30 June 2016 will be valid for 10 years from 26 August 2015 to 25 August 2025 (both dates inclusive) but cannot be exercised until they are vested which shall be on the earliest of the following dates:

- (i) the first business day after the second anniversary of 10 July 2015, being the date on which China International Marine Containers (Group) Co., Ltd. (“CIMC Group”) first becoming the controlling shareholder (as defined under the Listing Rules) of the Company;
- (ii) the first business day after the day on which CIMC Group disposed of any number of shares of the Company it held such that its shareholdings in the Company will decrease to below 30%; and
- (iii) the first business day after the day on which shareholdings of CIMC Group in the Company increased to an extent that the exercise of all the share options that were granted on 26 August 2015 will not dilute its shareholdings in the Company to below 30%.

The share options granted and outstanding at 30 June 2016 have not yet been vested and therefore not exercisable.

Save as disclosed above, no share options were granted, exercised, cancelled or lapsed during the period ended 30 June 2016.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business review

The Group's revenue from continuing operations for the six months ended 30 June 2016 dropped 26% to RMB229 million. Profit from continuing operations for the period decreased 85% to RMB3 million. Revenue for the period under review decreased mainly because of the fall in number of fire engines sold. Revenue decreased together with increased expenditure in research and development have led to the decline in net profit for the period in spite of the slight improvement in gross margin.

The Ministry of Industry and Information Technology and the Ministry of Public Security of the People's Republic of China have relaxed the restriction on the number of qualified fire engines manufacturers from beginning of 2016 and since then, their number has increased by over 10%. The intensifying competition has affected the Group's performance for the first half of year 2016. With the number of qualified manufacturers going up further, growing pressure on the Group's order books for the coming periods are foreseen.

To survive the competition, the Group has been working on widening its market width and upgrading itself to the high-end market. The Group has brought in CIMC as a controlling shareholder through the acquisition of Albert Ziegler GmbH, a world renowned German fire engines manufacturer, in anticipation of expanding its market coverage and promoting technical exchange with foreign experienced engineers. The Group has been developing high value-added products in recent years to enhance the Group's profitability. Besides, the Group will, as always, closely monitor the changes and updates in relevant national policies such that new products could be launched timely to grasp all possible opportunities arise and to outperform the competitors.

### Financial resources, liquidity, contingent liabilities and pledge of assets

The Group's cash and bank balances at 30 June 2016 was approximately RMB93 million (31 December 2015: RMB116 million), of which RMB4 million, (31 December 2015: RMB11 million) was pledged for bid bond guarantee issued, performance guarantee and guarantee for letter of credit issued which would be released in short period of time. The outstanding balances of the short term bank loans borrowed by the two subsidiaries in Chengdu summed up to RMB30 million at 30 June 2016 (31 December 2015: RMB40 million). The declining net cash balances have reflected the Group's comparatively weak bargaining position against its suppliers in respect of payment terms. This is especially the case for the purchase of chassis, for which the Group is often required to pay fully or partially before delivery. The Group is considering ways, including discussions with CIMC for the possibility of group purchases, such that the Group can bargain for a better terms to reduce the pressure on its cash flow.





## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

### Financial resources, liquidity, contingent liabilities and pledge of assets (continued)

As at 30 June 2016, current assets and current liabilities of the Group were approximately RMB618 million (31 December 2015: RMB664 million) and RMB250 million (31 December 2015: RMB311 million) respectively. The current ratio was approximately 2.5 times (31 December 2015: 2.1 times). Gearing ratio (interest bearing debt/total equity) at 30 June 2016 was 2.9% (31 December 2015: 4.0%).

Renminbi is the functional currency and adopted as the reporting currency by the Group. The majority of the Group's assets, liabilities, sales and purchases are primarily denominated in Renminbi and Hong Kong dollar. Foreign currency forward exchange contracts would be employed to minimize exposure to exchange rate volatility arising from receivables and payables involving currencies other than Renminbi and Hong Kong dollar when needed.

Save as disclosed, the Group has no material contingent liabilities or pledge of assets for the period ended 30 June 2016.

### Investments and capital commitments

#### *Capital commitments*

As at 30 June 2016, the Group has capital commitment of approximately RMB15 million (31 December 2015: RMB16 million) which was mainly related to the investment amount committed to the local government of the county in Sichuan where the Group's factory is located.

Save as disclosed herein, the Group has no capital commitments as at 30 June 2016. During the six months ended 30 June 2016, the Group has no material investments, acquisitions or disposals.

### Employees and remuneration policies

At 30 June 2016, the Group had approximately 539 full-time employees (2015: 556). Staff costs, excluding directors' remuneration, for the period amounted to RMB21.8 million, increased by 7% over the RMB20.4 million for the same period last year. Staff costs increased was mainly due to the amortization of the value of share options granted to certain employees on 26 August 2015 as share based payment that amounted to RMB2.6 million. All the full-time employees are entitled to medical contributions, provident funds and retirement plans. The Group provides a series of comprehensive in-house and on-the-job training to staff to keep their technical skills and standards up to date for quality services and to enhance work safety.

## DIRECTORS' AND CHIEF EXECUTIVE'S INTEREST IN THE COMPANY'S SECURITIES

Save as disclosed below, as of 30 June 2016, none of the Directors or chief executives has any interest or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance (Cap. 571 of the Laws of Hong Kong) ("SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to 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 were required, pursuant to section 352 of the SFO to be entered in the register required to be kept therein or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies of the Listing Rules, to be notified to the Company and the Stock Exchange.

### Long positions in ordinary shares of the Company

Name of Director	Capacity and types of interest	Number of issued shares of HKD0.01 each of the Company held	Percentage of issued share capital of the Company
Mr. Jiang Xiong	Beneficial owner	981,600,000	24.07%

### Options to subscribe for ordinary shares in the Company

Certain directors of the Company were granted share options which when exercised were eligible to subscribe for, in total, 14,000,000 shares of the Company. Details of the share options granted has been set out in the section "SHARE OPTIONS" to this report.

Mr. Jiang Qing, who resigned as a director of the Company on 26 May 2016, beneficially owns 7,500,000 shares of the Company and has 28,000,000 share options outstanding at 30 June 2016, representing 0.18% and 0.687% respectively of the issued share capital of the Company. Mr. Jiang Qing has been the Company's Chief Business Development Officer since his resignation as a director of the Company.



## INTERESTS DISCLOSEABLE UNDER THE SFO AND SUBSTANTIAL SHAREHOLDERS

As at 30 June 2016, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that other than the interests disclosed above in respect of certain directors of the Company, the following shareholders had notified the Company of their relevant interests in the issued share capital of the Company.

### Long positions in ordinary shares of the Company

Name of shareholder	Capacity and types of interests	Number of issued shares of HKD0.01 each of the Company held	Percentage of issued capital of the Company
CIMC Top Gear B.V.	Beneficial owner	1,223,571,430	30.00%
Cooperatie CIMC U.A.	Interest of a controlled corporation ( <i>Note 1</i> )	1,223,571,430	30.00%
China International Marine Containers (Hong Kong) Limited ("CIMC HK")	Interest of a controlled corporation ( <i>Note 2</i> )	1,223,571,430	30.00%
CIMC Group	Interest of a controlled corporation ( <i>Note 3</i> )	1,223,571,430	30.00%
EH Investment Management Ltd.	Beneficial owner	218,015,000	5.35%
Mr. Ngan Iek	Interest of a controlled corporation ( <i>Note 4</i> )	218,015,000	5.35%

## INTERESTS DISCLOSEABLE UNDER THE SFO AND SUBSTANTIAL SHAREHOLDERS (continued)

Notes:

1. Cooperatie CIMC U.A. is beneficially interested in the entire share capital of CIMC Top Gear B.V. and is taken to be interested in the 1,223,571,430 shares in which CIMC Top Gear B.V. has declared interest for the purpose of the SFO.
2. CIMC HK and CIMC Group are beneficially interested in 1% and 99% respectively of the issued share capital of Cooperatie CIMC U.A. and are taken to be interested in the 1,223,571,430 shares in which Cooperatie CIMC U.A. has declared interest for the purpose of the SFO.
3. CIMC Group is beneficially interested in the entire share capital of CIMC HK and is taken to be interested in the 1,223,571,430 shares in which CIMC HK has declared interest for the purpose of the SFO.
4. Mr. Ngan Iek is beneficially interested in the entire share capital of EH Investment Management Ltd. and is taken to be interested in the 218,015,000 shares in which EH Investment Management Ltd. has declared interest for the purpose of the SFO.

Other than as disclosed above, the Company has not been notified of any other interests or short position in the issued share capital of the Company as at 30 June 2016.

### COMPETING INTERESTS

None of the directors of the Company or the management shareholder of the Company and their respective associates (as defined in the Listing Rules) had any interest in a business which competes or may compete with the business of the Group or had any other conflicts of interest, which any such person has or may have with the Group.

### DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contracts of significance to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the period or at any time during the period.

### DIRECTORS' SECURITIES TRANSACTIONS

During the period ended 30 June 2016, the Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard set out in the Model Code in Appendix 10 of the Listing Rules. Having made enquiry of all directors, they confirmed that they have complied with the required standard set out in the Model Code and its code of conduct regarding directors' securities transactions.

### PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the period ended 30 June 2016, neither the Company nor any of its subsidiaries purchased, cancelled or redeemed any listed securities of the Company.



## CORPORATE GOVERNANCE

### Corporate governance practices

Throughout the period ended 30 June 2016, the Company has complied with the code provisions set out in the Code on Corporate Governance Practices set out in Appendix 14 of the Listing Rules, except for the following:

1. There were no fixed terms of appointment for the directors although they are subject to retirement by rotation according to the Company's articles of association. The Board is of the opinion that this serves the same objectives of the relevant provision.
2. According to the articles of association, no director holding office as chairman and/or managing director shall be subject to retirement by rotation.

### Audit Committee

The audit committee comprises three independent non-executive directors, Dr. Loke Yu, Mr. Heng Ja Wei and Mr. Ho Man. The primary duties of the audit committee are to review the Company's annual report and accounts and half-yearly reports and to provide advices and comments thereon to the Board. The audit committee is also responsible for reviewing and supervising the financial reporting process and internal control procedures of the Group.

The Group's results for the period have been reviewed by the audit committee.

By order of the Board  
**China Fire Safety Enterprise Group Limited**  
**Li Yin Hui**  
*Chairman*

As at the date of this report, the Company's Directors are as follows:

<i>Dr. Li Yin Hui</i>	<i>Chairman and Non-executive Director</i>
<i>Mr. Jiang Xiong</i>	<i>Honorary Chairman and Executive Director</i>
<i>Mr. Zheng Zu Hua</i>	<i>Executive Director</i>
<i>Mr. Luan You Jun</i>	<i>Executive Director</i>
<i>Mr. Yu Yu Qun</i>	<i>Non-executive Director</i>
<i>Mr. Robert Johnson</i>	<i>Non-executive Director</i>
<i>Dr. Loke Yu</i>	<i>Independent non-executive Director</i>
<i>Mr. Heng Ja Wei</i>	<i>Independent non-executive Director</i>
<i>Mr. Ho Man</i>	<i>Independent non-executive Director</i>

Hong Kong, 29 August 2016

