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)

INTERIM REPORT 2014

* *For identification purpose only*

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INTERIM RESULTS (UNAUDITED)

The Board of Directors (the "Board") of Shanghai Qingpu Fire-Fighting Equipment Co., Ltd. (the "Company", together with its subsidiaries, collectively the "Group") is pleased to announce the unaudited consolidated results of the Group for the six months ended 30 June 2014. For the six months ended 30 June 2014, the unaudited revenue is approximately RMB78,906,000, representing an increase of approximately RMB14,973,000 or approximately 23% as compared with that of the same period in 2013. The Group has recorded a profit of approximately RMB4,693,000 for the six months ended 30 June 2014 representing an increase of approximately 21% as compared with the profit of approximately RMB3,876,000 (restated) for the corresponding period in 2013.

The unaudited condensed consolidated financial statements of the Group for the three months and six months ended 30 June 2014 together with the unaudited comparative figures for the corresponding period in 2013 are as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

		Unaudited Three months ended 30 June		**Unaudited Six months ended 30 June**	
		2014	2013	**2014**	2013
	Notes	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
			(Restated)		(Restated)
Revenue	*3*	**41,026**	34,672	**78,906**	63,933
Cost of sales		**(33,587)**	(28,513)	**(64,254)**	(52,121)
Gross profit		**7,439**	6,159	**14,652**	11,812
Other income and gains	*3*	**313**	744	**666**	1,485
Selling and distribution expenses		**(661)**	(1,015)	**(1,417)**	(1,961)
Administrative expenses		**(4,213)**	(3,517)	**(8,023)**	(6,834)
Profit before tax	*5*	**2,878**	2,371	**5,878**	4,502
Income tax expense	*6*	**(598)**	(541)	**(1,185)**	(626)
Profit for the period and total comprehensive income for the period		**2,280**	1,830	**4,693**	3,876
Attributable to:					
Owners of the Company		**2,190**	1,729	**4,522**	3,681
Non-controlling interests		**90**	101	**171**	195
		2,280	1,830	**4,693**	3,876
Earnings per share attributable to ordinary equity holders of the Company	*8*				
– Basic (RMB cent(s))		**1.17**	0.92	**2.41**	1.96
– Diluted (RMB cent(s))		**1.17**	0.92	**2.41**	1.96

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**Unaudited As at 30 June 2014 RMB'000**	Audited As at 31 December 2013 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	9	**13,067**	14,005
Investment properties	10	**24,370**	24,370
Prepaid land lease payments		**120**	122
Total non-current assets		**37,557**	38,497
CURRENT ASSETS			
Inventories		**16,047**	17,511
Trade and bills receivables	11	**33,085**	18,886
Prepayments, deposits and other receivables		**7,433**	16,237
Due from fellow subsidiaries	12	**2,797**	3,252
Cash and bank balances		**32,572**	25,267
Total current assets		**91,934**	81,153
CURRENT LIABILITIES			
Trade payables	13	**20,768**	12,402
Other payables and accruals	14	**8,437**	13,834
Due to immediate holding company	15	**906**	906
Due to non-controlling interest	15	**1,496**	1,496
Tax payable		**2,158**	324
Total current liabilities		**33,765**	28,962
NET CURRENT ASSETS		**58,169**	52,191
TOTAL ASSETS LESS CURRENT LIABILITIES		**95,726**	90,688
NON-CURRENT LIABILITIES			
Loan from immediate holding company	15	**8,400**	7,800
Deferred tax liabilities		**4,370**	4,370
Total non-current liabilities		**12,770**	12,170
Net assets		**82,956**	78,518
EQUITY			
Equity attributable to owners of the Company			
Issued capital	16	**18,743**	18,743
Reserves		**64,630**	60,108
		83,373	78,851
Non-controlling interests		**(417)**	(333)
Total equity		**82,956**	78,518

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company									
	Issued capital	Share premium	Capital reserve	Statutory reserve fund	Discretionary common reserve fund	Asset revaluation reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Six months ended 30 June 2014										
Balance at 1 January 2014	**18,743**	**10,910**	**43,655**	**5,870**	**1,500**	**11,299**	**(13,126)**	**78,851**	**(333)**	**78,518**
Profit for the period and total comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	**-**	**4,522**	**4,522**	**171**	**4,693**
Dividend paid to non-controlling interests	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(255)**	**(255)**
Balance at 30 June 2014	**18,743**	**10,910***	**43,655***	**5,870***	**1,500***	**11,299***	**(8,604)***	**83,373**	**(417)**	**82,956**
Six months ended 30 June 2013										
Balance at 1 January 2013										
– As previously reported	18,743	10,910	25,134	5,468	1,500	11,299	(21,828)	51,226	552	51,778
– Adjustment for business combination under common control *(note 2.2)*	–	–	18,521	85	–	–	1,215	19,821	(896)	18,925
– As restated	18,743	10,910	43,655	5,553	1,500	11,299	(20,613)	71,047	(344)	70,703
Profit for the period and total comprehensive income for the period	–	–	–	–	–	–	3,681	3,681	195	3,876
Dividend paid to non-controlling interests	–	–	–	–	–	–	–	–	(256)	(256)
Balance at 30 June 2013	18,743	10,910*	43,655*	5,553*	1,500*	11,299*	(16,932)*	74,728	(405)	74,323

* These reserve accounts comprise the consolidated reserves of approximately RMB64,630,000 (30 June 2013: RMB55,985,000) in the condensed consolidated statement of financial position.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
		(Restated)
Net cash flows from/(used in) operating activities	**7,144**	(3,450)
Net cash flows used in investing activities	**(439)**	(197)
Net cash flows from/(used in) financing activities	**600**	(1,105)
Net increase/(decrease) in cash and cash equivalents	**7,305**	(4,752)
Cash and cash equivalents at beginning of period	**25,267**	21,833
Cash and cash equivalents at end of period	**32,572**	17,081

Notes:

1. GENERAL

Shanghai Qingpu Fire-Fighting Equipment Co., Ltd. (the "Company") was established in the People's Republic of China (the "PRC") as a collective enterprise under the name of Shanghai Qingpu Fire-Fighting Equipment Factory ("上海青浦消防器材廠"). In 1999, it was transformed into a limited liability company. Through a series of equity transfers and capital injections in 2000, the Company was transformed into a joint stock limited liability company on 1 December 2000 and was renamed as Shanghai Qingpu Fire-Fighting Equipment Co., Ltd. ("上海青浦消防器材股份有限公司"). The registered office of the Company is located at No. 1988, Jihe Road, Hua Xin Town, Qingpu District, Shanghai, the PRC and its principal place of business in Hong Kong is situated at Unit 2605, Island Place Tower, 510 King's Road, North Point, Hong Kong.

On 30 June 2004, 55,560,000 new H shares in the Company were issued and listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

During the period, the Group was involved in the following principal activities:

- manufacture and sale of pressure vessels (including fire-fighting equipment products and pressure vessels products);
- provision of fire technology inspection services;
- manufacture and trading of iron casted grooved couplings; and
- trading of sanitary-ware and other products.

In the opinion of the directors, the Company's immediate holding company is Liancheng, which is a limited liability company established in the PRC, and the ultimate holding company is 浙江恒泰房地產有限公司 (literally translated as "Zhejiang Hengtai Real Estate Company Limited", "Zhejiang Hengtai"), which is a limited liability company established in the PRC.

2.1 PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements of the Company and its subsidiary (collectively the "Group") have been prepared in accordance with International Accounting Standard ("IAS") No. 34 "Interim Financial Reporting" and International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and the Rules Governing the Listing of Securities on the GEM of the Stock Exchange of Hong Kong Limited ("GEM Listing Rules"). The financial information has been prepared under the historical convention, except for investment properties that are measured at fair value.

Other than the adoption of the accounting policies and the new and revised IFRSs as below, the accounting policies adopted are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2013.

In the current interim period, the Group has adopted, for the first time, the following new and revised standards and interpretations (the "new and revised IFRSs") published by the IASB which are effective for up to the accounting year ending 31 December 2014:

IFRS 10, IFRS 12 and IAS 27 (2011) Amendments	Amendments to IFRS 10, IFRS 12 and IAS 27 (2011) – Investment Entities
IAS 32 Amendments	Amendments to IAS 32 Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities
IAS 39 Amendments	Amendments to IAS 39 Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting
IFRIC-Int 21	Levies

The adoption of these new and revised IFRSs had not had any significant impact on the results for the current or prior accounting periods and, accordingly, no prior period adjustment has been required.

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements.

IFRS 9	Financial Instruments[2]
IFRS 9, IFRS 7 and IAS 39 Amendments	Hedge Accounting and Amendments to IFRS 9, IFRS 7 and IAS 39[2]
IFRS 14	Regulatory Deferral Accounts[3]
IFRS 15	Revenue with Contracts from Customer[4]
IAS 19 Amendments	Amendments to IAS 19 Employee Benefits – Defined Benefit Plans: Employee Contribution[1]
Annual Improvements 2010-2012 Cycle	Amendments to a number of IFRSs issued in January 2014[1]
Annual Improvements 2011-2013 Cycle	Amendments to a number of IFRSs issued in January 2014[1]

[1] *Effective for annual periods beginning on or after 1 July 2014*
[2] *Effective for annual periods beginning on or after 1 January 2015*
[3] *Effective for annual periods beginning on or after 1 January 2016*
[4] *Effective for annual periods beginning on or after 1 January 2017*

The Group is in the process of making an assessment of the impact of these new and revised IFRSs upon initial application. So far, the Group considers that these new and revised IFRSs are unlikely to have a significant impact on the both Group's results of operations and financial position.

2.2 ACQUISITION UNDER COMMON CONTROL

On 7 November 2012, the Company and its subsidiary, Shanghai Liming Fire Testing Co., Limited ("Liming"), entered into a sale and purchase agreement ("Agreement") (and an excluded interest agreement with the Vendors, Shanghai Anchor Pressure Vessel (Group) Co., Limited ("Anchor") and Shanghai Pressure Special Gas Cylinder Co., Limited ("Special Cylinder"), a subsidiary of Anchor, as part of the transaction under the Agreement) with Liancheng and Mr. Wang Sheng, an independent third party (collectively, the "Vendors"), pursuant to which, the Company and Liming acquired from the Vendors the entire issued share capital of Anchor and its subsidiaries (collectively, the "Anchor Group"), except for the land and building situated at No. 18, Lane 575, Jujiaqiao Road, Pudong New Area, Shanghai (the "Excluded Interest") held by Special Cylinder, at a consideration of RMB6 million (the "Acquisition").

An Extraordinary General Meeting (the "EGM") was held on 23 July 2013, and the independent shareholders of the Company approved all the resolutions proposed at the EGM, including the Agreement, supplemental agreements, the excluded interest agreement and the transactions contemplated under each of them.

The Acquisition was completed on 29 July 2013. The Company directly and indirectly holds an effective interest of 99% of the equity interest in Anchor.

The Acquisition is considered as a business combination under common control since the Group and the Anchor Group were under the common control of Liancheng both before and after the completion of the Acquisition.

Accordingly, the Group has applied merger accounting to account for the business combination under common control, and the Anchor Group has been combined since 11 April 2011, the earliest date the Anchor Group being controlled by Liancheng, as if the Acquisition had occurred at that time. No significant adjustments were made to the net assets and net profit of the Anchor Group as a result of the common control combination in order to align its accounting policies with the Group.

Due to the application of merger accounting for business combination under common control, which involves incorporating the unaudited condensed financial statement items of the Anchor Group in which the common control consolidation occurs as if they had been consolidated from the date when the combining entities or businesses first came under the control of the controlling party. Accordingly, the comparative unaudited condensed financial statements have been restated.

In addition, certain comparative amounts have been reclassified and restated to conform with the current period's presentation.

The Anchor Group was principally engaged in the manufacturing and sale of pressure vessels and trading of sanitary-ware and other products.

The reconciliation of the effect arising from the common control combination on the unaudited condensed consolidated statement of profit or loss for the six months ended 30 June 2014 and 2013 and on the unaudited total equity as at 1 January 2013 are as follows:

Unaudited condensed consolidated statement of profit or loss and comprehensive income
For the six months ended 30 June 2014

	Qingpu Group*	Anchor Group	Adjustments#	The Group
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	44,713	34,331	(138)	78,906
Cost of sales	(35,341)	(29,051)	138	(64,254)
Gross profit	9,372	5,280	–	14,652
Other income and gains	531	316	(181)	666
Selling and distribution expenses	(302)	(1,296)	181	(1,417)
Administrative expenses	(4,180)	(3,843)	–	(8,023)
Profit before tax	5,421	457	–	5,878
Income tax expense	(1,107)	(78)	–	(1,185)
Profit for the period	4,314	379	–	4,693
Attributable to:				
Owners of the Company	4,154	368	–	4,522
Non-controlling interests	160	11	–	171
	4,314	379	–	4,693

* The Company and Liming are referred as the "Qingpu Group" for the purpose of disclosure in this note.

The adjustments represent the intra-group transactions between the Qingpu Group and the Anchor Group eliminated on consolidation under the merger accounting.

Unaudited condensed consolidated statement of profit or loss and comprehensive income
For the six months ended 30 June 2013

	Qingpu Group* as previously reported *RMB'000* (Unaudited)	Anchor Group *RMB'000* (Unaudited)	Adjustments# *RMB'000* (Unaudited)	The Group as restated *RMB'000* (Unaudited)
Revenue	24,049	39,884	–	63,933
Cost of sales	(18,342)	(33,779)	–	(52,121)
Gross profit	5,707	6,105	–	11,812
Other income and gains	1,174	484	(173)	1,485
Selling and distribution expenses	(379)	(1,755)	173	(1,961)
Administrative expenses	(2,580)	(4,254)	–	(6,834)
Profit before tax	3,922	580	–	4,502
Income tax expense	(436)	(190)	–	(626)
Profit for the period	3,486	390	–	3,876
Attributable to:				
Owners of the Company	3,344	337	–	3,681
Non-controlling interests	142	53	–	195
	3,486	390	–	3,876

* The Company and Liming are referred as the "Qingpu Group" for the purpose of disclosure in this note.

\# The adjustments represent the intra-group transactions between the Qingpu Group and the Anchor Group eliminated on consolidation under the merger accounting.

Unaudited total equity
As at 1 January 2013

	The Group* as previously reported	Anchor Group	Adjustments for inter-group investment	The Group as restated
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
			(Unaudited)	(Unaudited)
Equity				
Equity attributable to owners of the Company:				
Issued capital	18,743	70,000	(70,000)	18,743
Reserves	32,483	(43,930)	63,751	52,304
	51,226	26,070	(6,249)	71,047
Non-controlling interests	552	(1,145)	249	(344)
Total equity	51,778	24,925	(6,000)	70,703

* The Company and Liming are referred as the "Qingpu Group" for the purpose of disclosure in this note.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has five reportable operating segments as follows:

(i) Fire-fighting equipment segment – manufacture and sale of pressure vessels (including fire-fighting equipment products and pressure vessels products);

(ii) Inspection services segment – provision of fire technology inspection services;

(iii) Grooved couplings segment – manufacture and trading of iron casted grooved couplings;

(iv) Trading segment – trading of sanitary-ware and other products; and

(v) Property investment segment – the property investment segment invests in office building and industrial properties for its rental income potential.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that interest income and finance costs, as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude corporate assets as these assets are managed on a group basis.

Segment liabilities exclude amount due to/loan from immediate holding company, tax payables and deferred tax liabilities as these liabilities are managed on a group basis.

Six months ended 30 June 2014
(Unaudited)

	Fire fighting equipment *RMB'000*	Inspection services *RMB'000*	Grooved couplings *RMB'000*	Trading *RMB'000*	Property investment *RMB'000*	Total *RMB'000*
Segment revenue:						
Sales/services provided to external customers	42,710	3,736	510	31,950	–	78,906
Gross rental income	–	–	–	–	393	393
	42,710	3,736	510	31,950	393	79,299
Segments results	60	1,592	48	3,879	373	5,952
Reconciliation:						
Corporate and unallocated expenses						(74)
Profit before tax						5,878
Segment assets	80,158	8,079	–	16,884	24,370	129,491
Unallocated assets						–
Total assets						129,491
Segment liabilities	24,645	1,200	–	4,856	–	30,701
Unallocated liabilities						15,834
Total liabilities						46,535
Capital expenditure*	67	–	–	5	–	72
Depreciation and amortisation	906	101	–	5	–	1,012

Six months ended 30 June 2013
(Unaudited)

	Fire fighting equipment *RMB'000*	Inspection services *RMB'000*	Grooved couplings *RMB'000*	Trading *RMB'000*	Property investment *RMB'000*	Total *RMB'000*
Segment revenue:						
Sales/services provided to external customers	48,090	3,491	6,240	6,112	–	63,933
Gross rental income	–	–	–	–	1,221	1,221
	48,090	3,491	6,240	6,112	1,221	65,154
Segments results	1,275	1,510	516	226	1,160	4,687
Reconciliation:						
Corporate and unallocated expenses						(185)
Profit before tax						4,502
Segment assets	81,788	4,202	–	7,827	23,370	117,187
Unallocated assets						–
Total assets						117,187
Segment liabilities	26,827	186	–	2,561	–	29,574
Unallocated liabilities						13,290
Total liabilities						42,864
Capital expenditure*	257	20	–	–	–	277
Depreciation and amortisation	1,170	100	–	5	–	1,275

* Capital expenditure consists of additions to property, plant and equipment.

(a) Revenue from external customers

	Unaudited Six months ended 30 June **2014** ***RMB'000***	 2013 *RMB'000* (Restated)
PRC	**70,357**	58,140
United States of America	**254**	1,276
European Union	**8,295**	4,517
	78,906	63,933

The revenue information above is based on the location of the customers.

(b) Non-current assets

Non-current assets are principally located in the PRC.

Information about a major customer

Revenue from transactions with a single external customer of approximately RMB28,735,000, which represented more than 10% of the Group's revenue, was derived from trading of products segment (period ended 30 June 2013: Nil). This customer is an independent third party.

4. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents income arising from the Group's principal activities, being manufacture and sale of pressure vessels (including fire-fighting equipment products and pressure vessels products), provision of fire technology inspection services, manufacture and trading of iron casted grooved couplings and trading of sanitary-ware and other products, net of business tax, value-added tax, trade discounts and returns during the period.

An analysis of the Group's revenue, other income and gains is as follows:

	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000* (Restated)	***RMB'000***	*RMB'000* (Restated)
Revenue				
Sales of fire-fighting equipment	**22,437**	25,317	**42,710**	48,090
Inspection service rendered	**2,018**	1,692	**3,736**	3,491
Trading of iron casted grooved couplings	**–**	3,453	**510**	6,240
Trading of sanitary-ware and other products	**16,571**	4,210	**31,950**	6,112
	41,026	34,672	**78,906**	63,933
Other income and gains				
Interest income	**58**	18	**108**	27
Sundry income	**–**	79	**–**	79
Gross rental income	**207**	569	**393**	1,221
Sales of scraps	**48**	78	**165**	158
	313	744	**666**	1,485
Total revenue, other income and gains	**41,339**	35,416	**79,572**	65,418

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging the following items:

	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000* (Restated)	***RMB'000***	*RMB'000* (Restated)
Amortisation of prepaid land lease payment	**1**	1	**2**	2
Depreciation on property, plant and equipment	**500**	733	**1,010**	1,273
Operating lease rentals for land and buildings	**75**	164	**155**	318
Staff costs	**3,007**	1,883	**6,397**	3,824
Auditors' remuneration	**–**	–	**–**	–

6. INCOME TAX

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong during the period (six months ended 30 June 2013: Nil). Under the Corporate Income Tax Law, the corporate income tax ("CIT") rate is calculated at a rate of 25% on the Group's estimated assessable profits for the six months ended 30 June 2014 and 2013.

	Unaudited Three months ended 30 June		**Unaudited Six months ended 30 June**	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
		(Restated)		(Restated)
Current tax – PRC				
Provision for the period	**598**	541	**1,185**	626

The Group did not have any material unprovided deferred tax for the six months ended 30 June 2014 and 2013 as the temporary differences are immaterial.

7. DIVIDEND

No dividend have been paid or declared by the Group during the six months ended 30 June 2014 (six months ended 30 June 2013: Nil).

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the earnings per share for the six months ended 30 June 2014 is based on the profits attributable to ordinary equity holders of the Company of RMB4,522,000 (six months ended 30 June 2013: RMB3,681,000), and on the number of 187,430,000 (30 June 2013: 187,430,000) ordinary shares in issue during the period.

No adjustment has been made to the basic earnings per share amounts for six months ended 30 June 2013 and 2014 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during those periods.

9. PROPERTY, PLANT AND EQUIPMENT

	Buildings *RMB'000*	Machinery *RMB'000*	Furniture, fixtures and equipment *RMB'000*	Motor vehicles *RMB'000*	Total *RMB'000*
30 June 2014 (Unaudited)					
At 1 January 2014, net of accumulated depreciation	**2,991**	**9,890**	**292**	**832**	**14,005**
Additions	**–**	**–**	**72**	**–**	**72**
Depreciation provided during the period	**(45)**	**(730)**	**(40)**	**(195)**	**(1,010)**
At 30 June 2014, net of accumulated depreciation	**2,946**	**9,160**	**324**	**637**	**13,067**
31 December 2013 (audited)					
At 1 January 2013, net of accumulated depreciation	3,080	11,592	386	1,504	16,562
Additions	–	421	21	–	442
Write off	–	(10)	–	–	(10)
Disposals	–	(6)	(34)	(283)	(323)
Depreciation provided during the year	(89)	(2,107)	(81)	(389)	(2,666)
At 31 December 2013, net of accumulated depreciation	2,991	9,890	292	832	14,005

The buildings were held in the PRC under medium leases.

10. INVESTMENT PROPERTIES

	Unaudited 30 June 2014 *RMB'000*	Audited 31 December 2013 *RMB'000*
At beginning of period/year	**24,370**	23,370
Gain from a fair value adjustment	**–**	1,000
At the end of the period/year	**24,370**	24,370

The investment properties were held in the PRC under medium term leases.

The investment properties are leased to third parties under operating leases, further summary details of which are included in note 17(a) to this report.

11. TRADE AND BILLS RECEIVABLES

	Unaudited 30 June 2014 *RMB'000*	Audited 31 December 2013 *RMB'000*
Trade receivables	**33,084**	18,888
Less: Impairment	**(909)**	(909)
	32,175	17,979
Bills receivable	**910**	907
	33,085	18,886

The Group's trading terms with its customers are mainly on credit, expect for new customers, where payment in advance is normally required. The credit period is generally two months, extending up to three months for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

An aged analysis of the trade receivables as at 30 June 2014, based on the invoice date, is as follows:

	Unaudited 30 June 2014 *RMB'000*	Audited 31 December 2013 *RMB'000*
0 – 30 days	**5,392**	6,139
31 – 60 days	**4,651**	3,681
61 – 90 days	**14,844**	1,570
Over 90 days	**8,198**	7,496
	33,085	18,886

12. DUE FROM FELLOW SUBSIDIARIES

	Note	**Unaudited 30 June 2014** *RMB'000*	Audited 31 December 2013 *RMB'000*
Name			
上海石化消防工程有限公司 (Shanghai Petro-Chemical Fire-fighting Engineering Company Limited, "SPFE")	*(i)*	**916**	880
上海聯滬消防器材有限公司 (Shanghai Lianhu Fire-fighting Equipment Company Limited, "SLFE")	*(i)*	**1,881**	2,372
		2,797	3,252

Note:

(i) SPFE and SLFE are controlled by Zhejiang Hengtai, the Group's ultimate holding company. The amounts due from fellow subsidiaries are unsecured, interest-free and have no fixed terms of repayments. These balances as at 31 December 2013 and 30 June 2014 were trade in nature.

13. TRADE PAYABLES

An aged analysis of the trade payables as at 30 June 2014, based on the invoice date, is as follows:

	Unaudited 30 June 2014 *RMB'000*	Audited 31 December 2013 *RMB'000*
0 – 30 days	**5,176**	4,886
31 – 60 days	**1,118**	1,207
61 – 90 days	**7,260**	1,454
Over 90 days	**7,214**	4,855
	20,768	12,402

14. OTHER PAYABLES AND ACCRUALS

	Unaudited 30 June 2014 *RMB'000*	Audited 31 December 2013 *RMB'000*
Other payables	**6,925**	6,164
Accruals	**541**	935
Advances from customers	**813**	6,547
VAT payable	**158**	188
	8,437	13,834

15. DUE TO/LOAN FROM IMMEDIATE HOLDING COMPANY AND DUE TO NON-CONTROLLING INTERESTS

On 3 December 2010, Zhejiang Hengtai (the ultimate controlling shareholder) and Liancheng (the immediate holding company) have undertaken to collectively provide to the Company with an unsecured interest-free shareholders' loan facility in the sum of not exceeding RMB50 million (the "Facility") for a term of five years from 30 May 2010. The Facility could be extended at the discretion of Liancheng for another two years. As at 30 June 2014, the accumulated amount of the loan drawn-down by the Company from Liancheng under the Facility was RMB8,400,000 (31 December 2013: RMB7,800,000).

Liancheng has also made advances to certain subsidiaries of the Company. These amounts due to Liancheng are unsecured, interest-free and have no fixed terms of repayments.

The amount due to non-controlling interest is unsecured, interest-free and has no fixed terms of repayments.

16. SHARE CAPITAL

	Unaudited 30 June 2014 *RMB'000*	Audited 31 December 2013 *RMB'000*
Registered, issued and fully paid:		
131,870,000 unlisted domestic shares ("Domestic Shares") of RMB0.10 each	**13,187**	13,187
55,560,000 overseas listed foreign invested shares ("H Shares") of RMB0.10 each	**5,556**	5,556
	18,743	18,743

17. OPERATING LEASE COMMITMENTS

(a) As lessor

The Group leases its investment properties under operating leases arrangements with the leases negotiated for terms ranging from 3 to 5 years. The terms of the lease generally also require the tenants to pay security deposits and provide for periodic rent adjustment according to the then prevailing market conditions.

At 30 June 2014, the Group had total future minimum lease receivable under non-cancellable operating leases with its tenants falling due as follows:

	Unaudited 30 June 2014 *RMB'000*	Audited 31 December 2013 *RMB'000*
Within one year	**2,509**	2,509
In the second to fifth years, inclusive	**1,518**	2,773
	4,027	5,282

(b) As lessee

The Group leases certain land and buildings from an independent party under operating lease arrangements. Leases for properties are negotiated for terms ranging from 1 to 10 years.

As at 30 June 2014, the total future minimum lease payments in respect of non-cancellable operating leases for land and buildings are as follows:

	Unaudited 30 June 2014 *RMB'000*	Audited 31 December 2013 *RMB'000*
Within one year	**767**	767
Over one year but within 5 years	**2,827**	2,827
After 5 years	**1,228**	1,383
	4,822	4,977

18. COMMITMENTS

Except for the operating lease arrangements, the Group did not have any significant capital and other commitments at the end of the reporting period.

19. RELATED PARTY TRANSACTIONS

(a) The Group had the following material transactions with related parties, which also constitute continuing connected transactions under the GEM Listing Rules, during the period:

	Unaudited Three months ended 30 June		**Unaudited Six months ended 30 June**	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Sales of goods				
SPFE	**322**	300	**536**	595
SLFE	**280**	1,935	**1,528**	2,153
	602	2,235	**2,064**	2,748
Commission expenses				
JSX Trading*	**N/A**	86	**N/A**	173

* These represented commission expenses paid by the Group during the period from 1 January 2013 to 29 July 2013. Shanghai J.S.X International Trading Corporation ("JSX Trading", a company previously controlled by Zhejiang Hengtai) has become a subsidiary of the Company since 29 July 2013. These transactions have been fully eliminated for the six months ended 30 June 2014 and 2013 under the merger accounting treatment.

In the opinion of the board of directors, the above transactions were carried out in the normal course of business of the Group and at prices and terms comparable with those charged by and contracted with third parties.

SPFE and SLFE are controlled by Zhejiang Hengtai, the ultimate holding company of the Group.

(b) Compensation of key management personnel of the Group during the period was as follow:

	Unaudited Three months ended 30 June		**Unaudited Six months ended 30 June**	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Fees:				
Executive directors	**–**	–	**–**	–
Independent non-executive directors	**23**	23	**45**	45
	23	23	**45**	45
Other emoluments:				
Salaries, allowances and benefits in kind	**24**	24	**60**	48
Pension scheme contributions	**–**	–	**–**	–
	24	24	**60**	48
	47	47	**105**	93

20. CONTINGENT LIABILITIES

At the end of the reporting period, the Group had no material contingent liabilities.

21. EVENT AFTER THE REPORTING PERIOD

On 11 July 2014, the board of directors (the "Directors") of the Company resolved that, subject to certain pre-conditions, the Company would 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 Proposed Acquisition was held on between 10 August 2014 and 11 August 2014. Taking into account of (i) the starting bid price under the auction for the Proposed Acquisition was RMB33,500,000, representing approximately 95.7% of the maximum bid price of the Company; and (ii) the general rule that if the auction ordered by a court in the PRC failed due to lack of response, the starting bid price would be adjusted downwards by a maximum of 20% of the previous starting bid price, the Company decided not to place a bid in the auction for the Proposed Acquisition with a view to enhance the bidding power of the Company and achieve a lower winning price for the Proposed Acquisition.

It is currently expected that the second auction for the Subject Assets will be held on a date decided by People's Court of Kecheng District of Quzhou City* (衢州市柯城區法院) (the "**Next Auction**"). It is currently the intention of the Company to place a bid in the Next Auction with a maximum bid price of RMB35,000,000.

Except for the above, the Group did not have any material events after the reporting period.

22. COMPARATIVE AMOUNTS

As further explained in note 2.2 to the unaudited condensed consolidated financial statements, due to the application of merger accounting for business combination under common control, which involves incorporating the consolidated financial statement items of the Anchor Group in which the common control consolidation occurs as if they had been consolidated from the date when the combining entities or businesses first came under the control of the controlling party. Accordingly, the comparative unaudited condensed consolidated financial statements have been restated.

In addition, certain comparative amounts have been reclassified and restated to conform with the current period's presentation.

BUSINESS AND FINANCIAL REVIEW

Revenue

The Group

For the six months ended 30 June 2014, the Group recorded a revenue of approximately RMB78,906,000 (six months ended 30 June 2013 (restated): RMB63,933,000), representing an increase of approximately 23% over the corresponding period of last year. This is due to the increasing stability of orders received by the sales department of the Company and an increase in trading business.

The Qingpu Group

For the six months ended 30 June 2014, the revenue increased from approximately RMB24,049,000 to RMB44,713,000, representing an increase of approximately 86% over the corresponding period of last year. The increase is a result of the efforts of the sales department of the Company including an increase in trading business.

The Anchor Group

For the six months ended 30 June 2014, the revenue decreased from approximately RMB39,884,000 to RMB34,331,000, representing a decrease of approximately 14% over the corresponding period of last year. This is due to some unsuccessfully tender projects and a decrease in trading business.

Cost of sales and gross profit

The Group

For the six months ended 30 June 2014, the Group's cost of sales amounted to approximately RMB64,254,000 (six months ended 30 June 2013 (restated): RMB52,121,000), representing an increase of approximately 23% over the corresponding period of last year. The main components of cost of sales for the Group are cost of trading products, raw materials, mainly steel and aluminum, and labour cost.

For the six months ended 30 June 2014, the Group recorded overall gross profit of approximately RMB14,652,000 (six months ended 30 June 2013 (restated): gross profit of approximately RMB11,812,000), representing a stable 18% comparing to the corresponding period of last year.

The Qingpu Group

For the six months ended 30 June 2014, the gross profit increased from approximately RMB5,707,000 to RMB9,372,000. The gross margin decreased by 3 percentage points to 21% from 24% of corresponding period of last year. Such decrease was primarily attributable to the increase in lower margin trading business.

The Anchor Group

For the six months ended 30 June 2014, the gross profit decreased from approximately RMB6,105,000 to RMB5,280,000. The gross margin remains unchanged at 15% comparing to corresponding period of last year.

Other revenue and income

The Group

For the six months ended 30 June 2014, other revenue and income reached approximately RMB666,000 (six months ended 30 June 2013 (restated): RMB1,485,000). Other revenue and income for the six months ended 30 June 2014 was primarily comprised revenue from the sales of scraps amounting to RMB165,000 and the rental income amounting to approximately RMB393,000.

The Qingpu Group

For the six months ended 30 June 2014, other income and gains decreased from approximately RMB1,174,000 to RMB531,000, representing a decrease of approximately 55% over the corresponding period of last year. This is mainly due to the termination of rental agreement and thus a decrease in rental income.

The Anchor Group

For the six months ended 30 June 2014, other income and gains decreased from approximately RMB484,000 to RMB316,000, representing a decrease of approximately 35% over the corresponding period of last year. This is mainly due to a decrease in sales of scraps.

Selling and distribution expenses

The Group

For the six months ended 30 June 2014, the Group incurred selling and distribution expense of approximately RMB1,417,000, representing a decrease of approximately RMB544,000 over the corresponding period of last year. This was due to the decrease in entertainment and transportation expenses.

The Qingpu Group

For the six months ended 30 June 2014, the selling and distribution expense decreased from approximately RMB379,000 to RMB302,000, representing a decrease of 20% due to the tight control on approval procedures.

The Anchor Group

For the six months ended 30 June 2014, the selling and distribution expense decreased from approximately RMB1,755,000 to RMB1,296,000, representing a decrease of 26%. This is due to a decrease in revenue and tight control on approval procedures.

Administrative expenses

The Group

For the six months ended 30 June 2014, the Group's administrative expenses amounted to approximately RMB8,023,000 (six months ended 30 June 2013 (restated): RMB6,834,000), representing an increase of approximately 17% over the corresponding period of last year.

The Qingpu Group

For the six months ended 30 June 2014, the administrative expenses increased from approximately RMB2,580,000 to RMB4,180,000, representing an increase of 62%. This is mainly due to the increase in research and development cost on new products.

The Anchor Group

For the six months ended 30 June 2014, administrative expenses decreased from approximately RMB4,254,000 to RMB3,843,000, representing a decrease of 10% mainly due to a decrease in revenue.

Finance costs

No finance costs were recorded for the six months ended 30 June 2014 (six months ended 30 June 2013: Nil).

Profit for the period

For the six months ended 30 June 2014, the Group recorded profit for the period of approximately RMB4,693,000 (six months ended 30 June 2013: RMB3,876,000), representing an increase of approximately 21%, primarily attributable to an increase in trading business.

Income tax

Pursuant to the relevant PRC tax regulations, the normal Enterprise Income Tax ("EIT") rate is 25%.

The EIT is calculated on the estimated assessable profits at 25% for the six months ended 30 June 2014 and 2013.

Net current assets

As at 30 June 2014, the Company had net current assets of approximately RMB58,169,000, based on which, the current ratio was 2.72 (31 December 2013: 2.80). The current liabilities increased from RMB28,962,000 as at 31 December 2013 to RMB33,765,000 as at 30 June 2014. Current assets as at 30 June 2014 mainly comprised inventories of approximately RMB16,047,000, trade and bills receivables of approximately RMB33,085,000, prepayments, deposits and other receivables of approximately RMB7,433,000, receivables from fellow subsidiaries of approximately RMB2,797,000 and cash and bank deposits of approximately RMB32,572,000. Current liabilities mainly comprised trade payables of approximately RMB20,768,000, other payables and accrued charges of approximately RMB8,437,000.

Borrowings

The Group did not have any bank borrowings as at 31 December 2013 and 30 June 2014.

Gearing ratio

The Group's gearing ratio as at 30 June 2014 was 9% (31 December 2013: 14%), which was expressed as a percentage of the net debt divided by the total capital plus net debt. Net debt includes trading payables, other payables and accruals, amount due to/loan from immediate holding company and amount due to non-controlling interest, less cash and cash equivalents.

Capital structure and financial resources

As at 30 June 2014, the Group had net assets of approximately RMB82,956,000 (31 December 2013: RMB78,518,000). The Group's operations are financed principally by internal sources, shareholders' borrowings and shareholders' equity.

Material Acquisition

On 11 July 2014, the board of directors (the "Directors") of the Company resolved that, subject to certain pre-conditions, the Company would 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 Proposed Acquisition was held on between 10 August 2014 and 11 August 2014. Taking into account of (i) the starting bid price under the auction for the Proposed Acquisition was RMB33,500,000, representing approximately 95.7% of the maximum bid price of the Company; and (ii) the general rule that if the auction ordered by a court in the PRC failed due to lack of response, the starting bid price would be adjusted downwards by a maximum of 20% of the previous starting bid price, the Company decided not to place a bid in the auction for the Proposed Acquisition with a view to enhance the bidding power of the Company and achieve a lower winning price for the Proposed Acquisition.

It is currently expected that the second auction for the Subject Assets will be held on a date decided by People's Court of Kecheng District of Quzhou City* (衢州市柯城區法院) (the "Next Auction"). It is currently the intention of the Company to place a bid in the Next Auction with a maximum bid price of RMB35,000,000.

Outlook

The Company's fire extinguisher products cover three categories, carbon dioxide, water-based, and dry powder. The wide product range offered by the Company can meet the diversified needs of the customers. In addition, the Company's fire extinguishers for non-marine use are granted the Certificate for Product Type Approval by the CCCF and its fire extinguishers for marine use are granted the Certificates of Type Approval by the China Classification Society, Shanghai Branch ("CCS"). The Company's pressure cylinders have obtained the manufacture licence in the PRC and they meet the quality standards or requirements of the USA and the European Union. The high quality of the Company's products will enhance the competitiveness in the market. Shanghai Anchor Pressure Vessel (Group) Co., Ltd. (上海鐵錨壓力容器(集團)有限公司) and its subsidiaries ("Anchor Group") possesses the Manufacture Licence of Special Equipment (特種設備製造許可證) for high-pressure vessels, seamless gas cylinders, welded gas cylinders, special gas cylinders, Category I pressure vessels, and Category II low and medium pressure vessels. Such licence is issued by the General Administration of Quality Supervision, Inspection and Quarantine (國家質量監督檢驗檢疫總局). Anchor Group also holds the Manufacture Enterprise Licence of Medical Equipment (醫療器械生產企業許可證) for the manufacture of Category II gas equipment for medical use. Such licence is issued by Shanghai Food and Drug Administration (上海市食品藥品監督管理局) and will be expired on 30 January 2016. Because of tightened regulatory procedures, production of dry powder fire extinguisher in Shanghai Qingpu Fire Fighting Equipment Company Limited has been stopped on 16 March 2014. The renewal procedures of manufacturing licenses were completed in April 2014 and production of dry powder fire extinguisher has resumed in May 2014. There are no material impact on sales and production of the Group.

With the pressure vessel products of Anchor Group, such as boiler tubes, pressure cylinders for military use, medical use, and LPG or CNG cylinders for motor vehicles, the Company will be able to expand its product range and diversify its pressure vessel business. Anchor Group also possesses some product permits, such as the Manufacture Enterprise Licence of Medical Equipment (醫療器械生產企業許可證) for the manufacture of Category II gas equipment for medical use, which will enable the Company to enter into the new market.

Measures have been and will be implemented continuously to improve the operation efficiency and to control production costs. Production will be more focused on higher-margin products and production of lower-margin products will be reduced to raise the overall profit margin of the Company. With the economic uncertainties in China in 2014, the Company intends to improve the profitability of the Group by increasing the operation efficiency and reducing the overhead expenses. Production in Shanghai Qingpu Fire Fighting Equipment Company Limited, Jiangshan Branch Company ("Jiangshan Branch") has stopped as part of overhead expenses reduction plan. The cessation of the Jiangshan Branch production did not and will not have a material impact on the business and operation of the Group.

Long Term Strategy

We believe that the Company, with our experienced management team, firm and clear development directions, the manufacturing of quality products and the provision of quality services, will be able to sharpen our competitive edge. 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 our profitability 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. The Group plans to consolidate its two production bases, namely the Qingpu Factory (as defined below) and the Yangjin Factory (as defined below). 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 enhance the efficiency in resources allocation, management centralization, reduce transportation costs in transferring materials between the production bases and reduce labour costs 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.

DIRECTORS' AND SUPERVISORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2014, the interests and short positions of the Directors and supervisors of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the minimum standards of dealing by directors as referred to in Rule 5.46 of the Rules Governing the Listing of Securities on the GEM (the "GEM Listing Rules"), were as follows:

Long positions in shares of the Company

Name	Capacity	Number of shares	Approximate percentage of total issued share capital
Mr. Zhou Jin Hui *(Note 1)*	Held by controlled corporation	133,170,000	71.05%

Note:

1. Liancheng Fire-Fighting Group Company Limited holds 131,870,000 domestic shares of the Company. Liancheng Fire Protection Group (Hong Kong) Company Limited, a 100% subsidiary of Liancheng Fire-Fighting Group Company Limited, holds 1,300,000 H shares of the Company. Zhejiang Hengtai Real Estate Joint Stock Co., Ltd. owns 80% of Liancheng Fire-Fighting Group Company Limited and Mr. Zhou Jin Hui owns 58% of Zhejiang Hengtai Real Estate Joint Stock Co., Ltd. Accordingly, Mr. Zhou Jin Hui was deemed to be interested in 131,870,000 domestic shares and 1,300,000 H shares in the Company.

   Liancheng Fire-Fighting Group Company Limited is owned as to 80% by Hengtai Real Estate, 20% by Mr Zhou Jin Hui.

Save as disclosed above, as at 30 June 2014, none of the Directors and supervisors of the Company has any interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the minimum standards of dealing by directors as referred to in Rule 5.46 of the GEM Listing Rules.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2014, the following persons, other than Directors and supervisors of the Company, had an interests and a short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

Long positions in shares of the Company

Name of Shareholders	Capacity	Number of shares	Approximate percentage of total registered share capital
Liancheng Fire-Fighting Group Company Limited	Beneficial owner	131,870,000 *(Note 1)*	70.36%
	Held by controlled corporation	1,300,000 *(Note 2)*	0.69%
Zhejiang Hengtai Real Estate Joint Stock Co., Ltd.	Held by controlled corporation	131,870,000 *(Note 1)*	70.36%
	Held by controlled corporation	1,300,000 *(Note 2)*	0.69%

Notes:

1. All represented domestic shares of the Company.

2. Liancheng Fire-Fighting Group Company Limited holds 131,870,000 domestic shares of the Company. Liancheng Fire Protection Group (Hong Kong) Company Limited, a 100% subsidiary of Liancheng Fire-Fighting Group Company Limited, holds 1,300,000 H shares of the Company. Zhejiang Hengtai Real Estate Joint Stock Co., Ltd. owns 80% of Liancheng Fire-Fighting Group Company Limited and Mr. Zhou Jin Hui owns 58% of Zhejiang Hengtai Real Estate Joint Stock Co., Ltd. Accordingly, Zhejiang Hengtai Real Estate Joint Stock Co., Ltd. and Mr. Zhou Jin Hui were deemed to be interested in 87,534,735 shares in the Company.

   Liancheng Fire-Fighting Group Company Limited is owned as to 80% by Hengtai Real Estate, 20% by Mr Zhou Jin Hui.

Save as disclosed above, the Company has not been notified of any other person had relevant interests representing 5 percent or more in the issued shares capital of the Company as at 30 June 2014.

DIRECTORS' AND SUPERVISORS' INTERESTS IN CONTRACTS

To the best knowledge of the Board, no contracts of significance in relation to the Company's business to which the Company was a party and in which any person who were Directors or supervisors of the Company during the six months ended 30 June 2014 had a material interest, whether directly or indirectly, subsisted at 30 June 2014 or at any time during the six months ended 30 June 2014.

EMPLOYEES

As at 30 June 2014, the Group had 303 employees (30 June 2013 (restated): 400 employees). Remuneration is determined by reference to market terms and the performance, qualifications, and experience of individual employee. Other benefits include contributions to retirement scheme.

Under relevant local government regulations, the Company is required to make contributions to a defined contribution retirement scheme for all qualified employees in the PRC. The Company has, in compliance with relevant local government regulations, made payment for such scheme during the year. The Company has no obligation for the payment of other retirement and non-retirement benefits of employees other than the contributions described above.

The Company has not experienced any significant labour disputes or strikes which have led to the disruption of its normal business operations. The Directors consider that the Company's relationship with its employees to be good.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 June 2014, the Company did not purchase, sell or redeem any of the Company's listed securities.

DIVIDENDS

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2014 (six months ended 30 June 2013: Nil).

CORPORATE GOVERNANCE

Pursuant to rule 18.44(2) and Appendix 16 of the GEM Listing Rules, the Company hereby to state that it has complied with all code provisions set out in the Code on Corporate Governance Practices contained in the Appendix 15 of the GEM Listing Rules (the "Code") during the year.

(1) Corporate Governance Practices

The Company is committed to promoting good corporate governance, with the objectives of (i) the maintenance of responsible decision making procedure, (ii) the improvement in transparency of information disclosure to shareholders, (iii) the continuance of respect for the rights of shareholders and the recognition of the legitimate interests of the shareholders, and (iv) the improvement in management of risk and the enhancement of performance by the Company. The Company has applied in Appendix 15 of the GEM Listing Rules with these objectives in mind.

(2) Directors' Securities Transactions

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of the Directors of the Company, all Directors have complied with the required standard of dealings and code of conduct regarding securities transactions by directors.

AUDIT COMMITTEE

The Company has established an audit committee (the "Audit Committee") with written terms of reference in compliance with GEM Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal controls of the Group and to provide advice to the Directors of the Company.

The Audit Committee comprises one non-executive director Ms. Chai Xiao Fang and two independent non-executive directors of the Company, namely Mr. Yang Chun Bao and Mr. Zhang Cheng Ying.

The Audit Committee has reviewed the Group's unaudited results for the six months ended 30 June 2014.

By order of the Board
Shanghai Qingpu Fire-Fighting Equipment Co., Ltd.
Zhou Jin Hui
Director

Hong Kong, 11 August 2014

As at the date of this report, the executive Directors are Mr. Zhou Jin Hui (Chairman), Mr. Shi Hui Xing and Mr. Shen Jian Zhong; the non-executive Directors are Ms. Chai Xiao Fang and Mr. Zhou Guo Ping; and the independent non-executive Directors are Mr. Wang Guo Zhong, Mr. Yang Chun Bao and Mr. Zhang Cheng Ying.