

**APPENDIX I**
**FINANCIAL INFORMATION OF THE GROUP**

Name/type of legal entity	Place of incorporation	Issued and paid up capital	Percentage of ownership interest attributable to the Company	Principal activities
萬友消防工程集團有限公司 Wanyou Fire Engineering Group Company Limited/ limited liability enterprise	PRC	Registered capital of RMB50,000,000	100%	Provision of fire prevention and fighting system installation services and maintenance services
四川萬山福特種消防裝備製造有限公司 Sichuan Wan Shan Fu Special Fire Equipment Manufacturing Co., Ltd./ limited liability enterprise	PRC	Registered capital of RMB5,000,000	100%	Production and sale of fire prevention and fighting equipment

*Note:* (i) Shares held directly by the Company.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results or assets or liabilities of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

The following table shows information of a subsidiary that has non-controlling interests ("NCI") material to the Group. The summarised financial information represents amounts before inter-company eliminations.

Name	Sichuan Morita	
	2014	2013
Principal place of business/Country of incorporation	PRC	PRC
% of ownership interest held by NCI	25%	25%
	<i>RMB '000</i>	<i>RMB '000</i>
<b>At 31 December:</b>		
Non-current assets	13,452	14,836
Current assets	491,928	396,905
Current liabilities	(285,572)	(198,505)
Net assets	<u>219,808</u>	<u>213,236</u>
Accumulated NCI	54,723	53,079
<b>Year ended 31 December:</b>		
Revenue	341,055	273,876
Profit	6,573	22,319
Total comprehensive income	6,573	22,319
Profit allocated to NCI	1,644	5,580
Net cash used in operating activities	(7,502)	(6,970)
Net cash generated from/(used in) investing activities	10,566	(12,335)
Net cash generated from/(used in) financing activities	15,000	(5,000)
Net increase/(decrease) in cash and cash equivalents	<u>18,064</u>	<u>(24,305)</u>

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At 31 December 2014, the bank and cash balances of the Group's subsidiaries in the PRC denominated in Renminbi ("RMB") amounted to RMB170,688,000 (2013: RMB128,375,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

**24. INVESTMENTS IN ASSOCIATES**

	Group	
	2014	2013
	RMB'000	RMB'000
Unlisted investments:		
Share of net assets	42,732	56,350
Goodwill	1,231	6,540
	<u>43,963</u>	<u>62,890</u>
Impairment losses ( <i>note</i> )	(43,864)	(59,681)
	<u>99</u>	<u>3,209</u>

*Note:* The change in the balance of the impairment losses represented the disposal of certain associates during the year. No impairment loss was made for the year.

Details of the Group's associates at 31 December 2014 are as follows:

Name/type of legal entity	Place of incorporation	Paid up registered capital	Percentage of ownership interest	Principal activities
北京特威特國際環保科技有限公司 Beijing TWT International Technical Co., Ltd./limited liability enterprise	PRC	RMB5,000,000	45%	Production and sale of fire suppression foam
四川神劍消防科技有限公司 Sichuan Shenjian Fire Technology Co., Ltd. ("Sichuan Shenjian")/ limited liability enterprise	PRC	RMB5,000,000	40%	Production and sale of fire prevention and fighting equipment

The following table shows information of the associate that was material to the Group for 2013. The associate was accounted for in the consolidated financial statements using the equity method. The summarised financial information presented was based on the HKFRS financial statements of the associate. The associate was disposed of in 2014. The directors do not consider the remaining associates are material to the Group for 2014 and 2013.

Name of the associate	:	福州華安消防工程技術有限公司
	:	Fuzhou Huaan Fire Engineering Co., Ltd ("Fuzhou Huaan")
Principal place of business/Place of incorporation	:	PRC
Principal activities	:	Provision of the fire prevention and fighting system installation services and maintenance service
Percentage of ownership interests	:	40%

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	<b>Fuzhou Huaan</b>
	<b>2013</b>
	<i>RMB'000</i>
<b>At 31 December:</b>	
Non-current assets	288
Current assets	11,339
Current liabilities	(15,084)
Net liabilities	<u>(3,457)</u>
Group's share of net assets	-
Goodwill	2,997
Impairment loss	(2,997)
Group's share of carrying amount of interests	<u>-</u>
<b>Year ended 31 December:</b>	
Revenue	(29,418)
Loss from continuing operations and total comprehensive income	32,592
Loss not recognised by the Group	1,383

The following table shows, in aggregate the Group's share of the amounts of all individually immaterial associates that are accounted for using the equity method.

	<b>2014</b>	<b>2013</b>
	<i>RMB'000</i>	<i>RMB'000</i>
<b>At 31 December:</b>		
Carrying amounts of interests	<u>99</u>	<u>3,209</u>
<b>Year ended 31 December:</b>		
Loss from continuing operations	208	861
Total comprehensive income	208	861

The Group has not recognised loss for the year amounting to RMB84,000 (2013: Nil) for Sichuan Shenjian. The accumulated losses not recognised were RMB84,000 (2013: Nil).

At 31 December 2014, the bank and cash balances of the Group's associates in the PRC denominated in Renminbi amounted to RMB1,078,000 (2013: RMB7,540,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

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During the year, the Group disposed of all the equity interests held in the following associates:

Name	Percentage of ownership interest	Principal activities
福州華安消防工程技術有限公司 Fuzhou Huanan Fire Engineering Co., Ltd.	40%	Provision of fire prevention and fighting system installation services and maintenance services
永利高環球有限公司 Profit Top Global Limited	49%	Investment holding and development of network based monitoring system for fire prevention and fighting system and operation of remote automatic monitoring centre
上海凱德消防設備有限公司 Shanghai Kidde Fire Fighting Co., Ltd.	30%	Production and sale of fire prevention and fighting equipment

The transactions have resulted in the recognition of a gain in profit or loss, calculated as follows:

	2014 RMB'000
Proceed of disposal	3,485
Less: carrying amount of the investments in associates at date of disposal	(2,902)
	<hr/>
Gain on disposal of associates	<u>583</u>

**25. INVENTORIES**

Inventories represent fire engines and fire prevention and fighting equipment.

	Group	
	2014 RMB'000	2013 RMB'000
Raw materials	32,635	53,763
Work in progress	38,700	44,271
Finished goods	97,367	56,166
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	<u>168,702</u>	<u>154,200</u>

The above inventories are stated at lower of cost and net realisable value.

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**26. TRADE AND BILLS RECEIVABLES**

	Group	
	2014	2013
	<i>RMB'000</i>	<i>RMB'000</i>
Trade and bills receivables	227,694	706,967
Less: Allowance for bad and doubtful debts	(17,588)	(289,046)
	210,106	417,921
	210,106	417,921

The Group allows an average credit period of 30 days to 180 days to its trade customers. Before accepting any new customer, the Group will internally assess the credit quality of the potential customer and define appropriate credit limits.

The aging analysis of trade and bills receivables, including those classified as part of the disposal group held for sale, based on the invoice date, net of allowance for bad and doubtful debts, is as follows:

	Group	
	2014	2013
	<i>RMB'000</i>	<i>RMB'000</i>
0 – 90 days	92,479	160,797
91 – 180 days	103,551	55,133
181 – 360 days	87,120	57,279
Over 360 days	51,569	144,712
	334,719	417,921
	334,719	417,921

Apart from trade and bills receivables amounted to RMB18,000 (2013: Nil) that was denominated in EUR, the carrying amount of the Group's trade and bills receivables at 31 December 2014 and 2013, including those classified as part of the disposal group held for sale were all denominated in Renminbi.

As at 31 December 2014, trade and bills receivables, including those classified as part of the disposal group held for sale, of RMB174,663,000 (2013: RMB191,333,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The aging analysis of these trade and bills receivables is as follows:

	Group	
	2014	2013
	<i>RMB'000</i>	<i>RMB'000</i>
91 – 180 days	35,974	17,176
181 – 360 days	87,120	57,279
Over 360 days	51,569	116,878
	174,663	191,333
	174,663	191,333

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Reconciliation of allowance for bad and doubtful debts:

	Group	
	2014 RMB'000	2013 RMB'000
At 1 January	289,046	171,776
Allowance for the year	163,440	117,615
Amounts written off	(270)	-
Disposal of subsidiaries (note 37)	(30,943)	-
Classified as disposal group held for sale (note 30)	(404,155)	-
Exchange differences	470	(345)
At 31 December	<u>17,588</u>	<u>289,046</u>

The management closely monitors the credit quality of the trade and bills receivables and considers the trade and bills receivables that were neither past due nor impaired to be recoverable. Based on the payment pattern of the customers of the Group, trade and bills receivables that were past due but not impaired were generally collectable as there has not been a significant change in credit quality and loss event of these customers. Allowance for bad and doubtful debts recognised for 2014 and 2013 were on trade and bills receivables which were either aged over two years or customers which had either been placed under liquidation or in severe financial difficulties. The Group does not hold any collateral over these balances.

**27. AMOUNTS DUE FROM/TO CONTRACT CUSTOMERS**

	Group 2013 RMB'000
Contract costs incurred plus profits recognised less recognised losses	1,640,327
Less: Progress billings	(1,105,576)
	<u>534,751</u>
Comprising:	
Amounts due from contract customers	547,310
Amounts due to contract customers	(12,559)
	<u>534,751</u>

The carrying value of the amounts due from/(to) contract customers at 31 December 2014 have been classified to assets of disposal group held for sale and liabilities directly associated with assets of disposal group held for sale respectively (note 30).

**28. AMOUNTS DUE FROM ASSOCIATES**

The amounts due from associates are unsecured, interest-free and are due for settlement within 12 months.

## 29. PLEDGED BANK DEPOSITS AND BANK AND CASH BALANCES

Bank balances carry interest ranging from Nil to 1.35% (2013: Nil to 1.35%) per annum.

The pledged bank deposits are mainly to secure banking facilities granted to the Group and carry interest at 0.35% (2013: 0.35%) per annum.

Conversion of RMB into foreign currencies in the PRC is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

## 30. DISPOSAL GROUP HELD FOR SALE

As disclosed in note 14, the Group entered into the Disposal agreement on 27 February 2015 to dispose of a group of subsidiaries: Loyal Asset, Fuzhou Wanyou, Wanyou Engineering and Chuanxiao Engineering. Loyal Asset is the holding company of the other three subsidiaries to be disposed of. Fuzhou Wanyou is engaged in the production and sale of fire prevention and fighting equipment. The production line of which, however, has ceased to operate at the end of 2012 and since then, it generated minimal amount of revenue only from clearance sale. Both Wanyou Engineering and Chuanxiao Engineering are engaged in the provision of installation and maintenance of fire prevention and fighting systems services. The Group will cease to provide such services upon completion of the Disposal. Subject to the satisfaction of certain conditions precedent, the Disposal is expected to be completed in the first half of 2015.

The consideration for the Disposal is expected to be RMB50,000,000. The net assets value of the four subsidiaries to be disposed of have been impaired with reference to the consideration and accordingly, impairment losses of RMB500,746,000 have been recognised for the year. The assets and liabilities of the subsidiaries to be disposed of have been classified as disposal group held for sale and are presented separately in the consolidated statement of financial position.

The major classes of assets and liabilities comprising the disposal group held for sale at 31 December 2014 are as follows:

	2014 RMB'000
Retention receivables	329
Trade and bills receivables	528,768
Allowance for bad and doubtful debts	(404,155)
Amounts due from contract customers	247,926
Pledged bank deposits	690
Bank and cash balances	38,015
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Assets of disposal group held for sale	411,573
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Trade and other payables	(333,993)
Amounts due to contract customers	(21,242)
Current tax liabilities	(2,105)
Deferred tax liabilities (note 33)	(4,233)
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Liabilities directly associated with assets of disposal group held for sale	(361,573)
	<hr/>
Net assets of disposal group held for sale	50,000
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The disposal group held for sale at 31 December 2013 was in respect of the disposals of certain subsidiaries and associates pursuant to the resolution of the Board of Directors of the Company on 30 December 2013. The disposals of all the subsidiaries and associates concerned have been completed during 2014. The calculation of the gain on disposal have been disclosed in note 37.

The major classes of assets and liabilities comprising the disposal group held for sale at 31 December 2013 are as follows:

	2013 RMB'000
Property, plant and equipment	13,752
Investment properties	38,700
Prepaid land lease payments	513
Bank and cash balances	24,855
Investments in associates	-
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Assets of disposal group held for sale	77,820
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Trade and other payables	(28,020)
Amounts due to non-controlling interests	(6,084)
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Liabilities directly associated with assets of disposal group held for sale	(34,104)
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Net assets of disposal group held for sale	43,716
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### 31. TRADE AND OTHER PAYABLES

	Group		Company	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Trade payables	84,442	102,006	-	-
Accrued charges	43,665	292,694	3,356	3,272
Receipts in advance	125,916	46,539	-	-
Value added tax, sales tax and other levies	3,002	25,153	-	-
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	257,025	466,392	3,356	3,272
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The aging analysis of trade payables, including those classified as part of the disposal group held for sale, based on the date of receipt of goods, is as follows:

	Group	
	2014	2013
	RMB'000	RMB'000
0 – 30 days	37,678	53,752
31 – 60 days	13,754	13,042
61 – 90 days	14,239	7,473
Over 90 days	35,826	30,268
	<u>101,497</u>	<u>104,535</u>

The carrying amount of the Group's trade payables, including those classified as part of the disposal group held for sale, are denominated in the following currencies:

	Group	
	2014	2013
	RMB'000	RMB'000
USD	–	6
EUR	–	219
RMB	101,497	104,310
	<u>101,497</u>	<u>104,535</u>

**32. BANK BORROWINGS**

	Group	
	2014	2013
	RMB'000	RMB'000
Bank loans, unsecured	<u>100,000</u>	<u>80,000</u>

At 31 December 2014 and 2013, the Group's bank borrowings were all denominated in Renminbi and were due for settlement within 12 months (shown under current liabilities).

The bank loans were guaranteed by certain subsidiaries of the Company.

The average interest rates at 31 December are as follows:

	2014	2013
Bank loans	<u>6.67%</u>	<u>6.79%</u>

The interest rates for the bank loans outstanding at 31 December 2014 were arranged at 110% to 116% (2013: 110% to 116%) of the benchmark interest rate as stipulated by the People's Bank of China and expose the Group to cash flow interest rate risk.

## 33. DEFERRED TAX LIABILITIES

The following is the deferred tax liabilities recognised, and movements thereon:

	Profit recognition of installation contracts RMB'000 (note)
At 1 January 2013	2,381
Charge to the profit or loss for the year	311
At 31 December 2013 and 1 January 2014	2,692
Charge to the profit or loss for the year	1,541
Classified as liabilities directly associated with assets of disposal group held for sale (note 30)	(4,233)
At 31 December 2014	-

*Note:* The amount represents the temporary differences arising on the profit recognition of installation contracts between HKFRSs, in which revenue and costs of installation contracts are recognised in the consolidated statement of profit or loss and other comprehensive income by reference to the stage of completion of the contract activities, and the taxable income of the PRC subsidiaries which recognise revenue of installation contracts upon completion.

At 31 December 2014, the Group has unused tax losses of RMB84,853,000 (2013: RMB101,700,000) available for offset against future profits. No deferred tax asset has been recognised in respect of the unused tax losses due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of RMB5,743,000 that will expire from 2015 to 2019 (2013: RMB31,699,000 expire from 2014 to 2018). Other tax losses may be carried forward indefinitely.

At the end of the reporting period, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised is RMB290,048,000 (2013: RMB252,716,000). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of reversal of the temporary differences and it is probable that such differences will not be reversed in the foreseeable future.

## 34. SHARE CAPITAL

	Number of shares	Amount HKD'000
Authorised:		
Shares of HKD0.01 (2013: HKD0.01) each		
At 1 January 2013, 31 December 2013, 1 January 2014 and 31 December 2014	10,000,000,000	100,000
Issued and fully paid:		
Shares of HKD0.01 (2013: HKD0.01) each		
At 1 January 2013, 31 December 2013, 1 January 2014 and 31 December 2014	2,855,000,000	28,550

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	2014 <i>RMB'000</i>	2013 <i>RMB'000</i>
Shown in the consolidated financial statements as	<u>30,168</u>	<u>30,168</u>

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt, which are mainly the bank borrowings disclosed in note 32 to the financial statements, and equity attributable to owners of the Company, comprising issued share capital and reserves including retained profits.

The directors review the capital structure on a regular basis. As part of this review, the directors take into consideration the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends and new share issues as well as the raising of new debts or the repayment of existing debts.

The externally imposed capital requirement is that for the Company to maintain its listing on the Stock Exchange it has to have a public float of at least 25% of its issued shares throughout the year. The Company was not informed of any change in its shareholdings that would lead to its non-compliance with the 25% limit throughout the year.

**35. SHARE OPTION SCHEME**

The shareholders of the Company adopted a share option scheme on 29 May 2009 (the "Scheme") in replacement of the old share option scheme, which had been in effect before the Company transferred the listing of its shares from GEM to Main Board of the Stock Exchange on 6 October 2008. Options granted but unexercised under the old share option scheme remained valid and exercisable with their terms of issue. The Scheme shall be valid and effective until the close of business of the Company on the date which falls ten years after the date of adoption, after which period no further options will be granted.

Subject to the condition that the total number of shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Scheme and any other schemes of the Company must not exceed 30% of the shares of the Company in issue from time to time, the total number of shares in respect of which options may be granted under the Scheme when aggregated with any shares subject to any other schemes must not exceed 10% of the shares of the Company as at the date of adoption of the Scheme, i.e. 285,500,000 shares of the Company, without prior approval of the Company's shareholders. The number of shares in respect of which options may be granted to any individual in aggregate within any 12-month period must not exceed 1% of the shares of the Company in issue, without prior approval of the Company's shareholders. Options granted to substantial shareholders or independent non-executive directors in any one year exceeding 0.1% of the Company's shares in issue and having an aggregate value in excess of HKD5,000,000 must be approved by the Company's shareholders.

Options granted must be taken up within 21 days of the date of grant, upon payment of HKD1 per each grant transaction. Options may be exercised at any time from the date of acceptance of the share options to such date as determined by the Board of Directors but in any event not exceeding 10 years. The exercise price is determined by the directors of the Company and will not be less than the highest of the closing price of the Company's shares on the date of grant, the average closing prices of the Company's shares for the five business days immediately preceding the date of grant and the nominal value of the Company's shares.

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Details of the options granted are as follows:

Grantee	Capacity	Date of grant	Exercisable period	Exercise price HKD	Number of shares issuable under the options		
					Granted and outstanding at 1 January 2013, 31 December 2013 and 1 January 2014	Expired during the year	Granted and outstanding at 31 December 2014
Mr. Jiang Qing	Director	25 May 2004	25 May 2004 to 24 May 2014	0.44	20,000,000	20,000,000	-

All outstanding options granted by the Company have been expired during 2014.

Save as disclosed above, there were no options granted, exercised, cancelled or lapsed during the year ended 31 December 2014 (2013: Nil).

**36. RESERVES**
**(a) Group**

The amounts of the Group's reserves and movements therein are presented in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity.

**(b) Company**

	Share premium RMB'000	Capital reserve RMB'000 (Note (ii))	Exchange reserve RMB'000 (Note (vi))	Accumulated losses RMB'000	Total RMB'000
At 1 January 2013	646,363	170,607	(3,342)	(114,208)	699,420
Total comprehensive income for the year	-	-	-	(5,805)	(5,805)
At 31 December 2013 and 1 January 2014	646,363	170,607	(3,342)	(120,013)	693,615
Total comprehensive income for the year	-	-	-	(26,663)	(26,663)
At 31 December 2014	<u>646,363</u>	<u>170,607</u>	<u>(3,342)</u>	<u>(146,676)</u>	<u>666,952</u>

(c) **Nature and purpose of reserves**

(i) *Special reserve*

The special reserve represents the difference between the nominal value of the shares of the acquired subsidiaries and the nominal value of the Company's shares issued for the acquisition under the group reorganisation.

(ii) *Capital reserve*

The capital reserve represents the share premium arising from the issue of shares of a subsidiary to the investors under the group reorganisation.

(iii) *Statutory surplus reserve*

Pursuant to the articles of association of the group entities established in the PRC, the relevant group entities are required to appropriate 10% or an amount to be determined by the directors of their respective profits after tax in accordance with the relevant PRC accounting rules and financial regulations before any distribution of dividends to equity holders each year to the statutory surplus reserve until their balances reach 50% of their respective registered capital. In normal circumstances, the statutory surplus reserve shall only be used for making up losses, capitalisation into capital and expansion of their respective production facilities and operations.

(iv) *Statutory public welfare fund*

Pursuant to the articles of association of the group entities established in the PRC, the relevant group entities are required to appropriate from their respective profits after tax at the rate of 5% to 10% or an amount to be determined by the directors to the statutory public welfare fund. The statutory public welfare fund can only be utilised on capital items for employees' collective welfare. The statutory public welfare fund forms part of the equity and is non-distributable other than upon liquidation.

(v) *Statutory reserve fund*

In accordance with the Law of the PRC on foreign enterprises, wholly foreign-owned enterprises are required to transfer an amount of not less than 10% of their respective profits after tax to the statutory reserve fund, which may be used for making up prior year losses, if any, and for capitalisation into capital.

(vi) *Exchange reserve*

**Group**

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 3(e) to the financial statements.

**Company**

Exchange reserve of the Company arose from the change of the functional currency of the Company from HKD to RMB in prior years.

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**37. DISPOSAL OF SUBSIDIARIES**

The Group entered into three agreements in March 2014 to dispose of all the equity interests held in the following three subsidiaries:

Name of subsidiary	Percentage of ownership interests held by the Group	Principal activities
成都華聯商務酒店有限公司 Chengdu Allied Best Hotel Co., Ltd.	60%	Operation of a guest house
福建東盟聯合水產品投資管理有限公司 Fujian Asean United Aquatic Products Investment Management Co., Ltd.	100%	Production and sale of fire prevention and fighting equipment
Tung Shing Trade Development Company Limited	51%	Trading of fire engines and fire fighting and rescue equipment

The net assets of the three subsidiaries disposed of at the date of disposal were as follows:

	2014 RMB'000
Property, plant and equipment	13,752
Investment properties	38,700
Prepaid land lease payments	513
Trade and bills receivables	30,943
Allowance for bad and doubtful debts	(30,943)
Prepayments, deposits and other receivables	8,078
Bank and cash balances	12,114
Trade and other payables	(27,546)
Amounts due to non-controlling shareholders	(6,189)
Net assets disposed of	39,422
Non-controlling interests	24,900
Release of exchange reserve	(4,473)
Gain on disposal of subsidiaries	59,849
	2,461
Total consideration	<u>62,310</u>
Satisfied by:	
Cash consideration received	21,436
Cash consideration receivable	40,874
	<u>62,310</u>
Net cash inflow arising on disposal:	
Cash consideration received	21,436
Bank and cash balances disposed of	(12,114)
	<u>9,322</u>

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At 31 December 2014, the Group's capital commitments are as follows:

	2014 <i>RMB'000</i>	2013 <i>RMB'000</i>
Property, plant and equipment Contracted for but not provided for	<u>17,677</u>	<u>19,306</u>

The Company had no capital commitment at 31 December 2014 (2013: Nil).

**39. OPERATING LEASE COMMITMENTS**

As lessee

At 31 December 2014, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	Group		Company	
	2014 <i>RMB'000</i>	2013 <i>RMB'000</i>	2014 <i>RMB'000</i>	2013 <i>RMB'000</i>
Within one year	451	4,789	442	739
In the second to fifth year inclusive	-	20,816	-	431
After five years	-	13,505	-	-
	<u>451</u>	<u>39,110</u>	<u>442</u>	<u>1,170</u>

Operating lease payments represent rentals payable by the Group for certain of its premises, offices and staff quarters. Length of the leases ranged from six months to three years and rentals are fixed over the lease terms and do not include contingent rentals.

As lessor

At 31 December 2014, the total future minimum lease receipts under non-cancellable operating leases are receivable as follows:

	Group		Company	
	2014 <i>RMB'000</i>	2013 <i>RMB'000</i>	2014 <i>RMB'000</i>	2013 <i>RMB'000</i>
Within one year	282	8,345	-	-
In the second to fifth year inclusive	-	29,949	-	-
After five years	-	17,105	-	-
	<u>282</u>	<u>55,399</u>	<u>-</u>	<u>-</u>

## 40. RETIREMENT BENEFIT SCHEMES

The group entities operating in the PRC participate in a state-managed retirement benefit plan operated by the government of the PRC. All eligible PRC employees are entitled to an annual pension equal to a fixed portion of their ending basic salaries at their retirement dates. The Group is required to make specific contributions to the retirement schemes at rates ranging from 18% to 22% (2013: 18% to 22%) of the basic salary of its eligible PRC employees and have no further obligation for post-retirement benefits beyond the annual contributions made. Pursuant to these arrangements, the retirement plan contributions incurred for the year ended 31 December 2014 amounted to RMB9,388,000 (2013: RMB7,204,000).

In accordance with the relevant mandatory provident fund laws and regulations of Hong Kong, the Group operates a Mandatory Provident Fund Scheme ("MPF Scheme") for all qualifying Hong Kong employees. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent MPF service provider. Under the rules of the MPF Scheme, the employer and its employees are each required to make contributions to the MPF Scheme at rates specified in the rules. The only obligation of the Group with respect to the MPF Scheme is to make the required contributions under the MPF Scheme. The retirement benefits scheme contributions arising from the MPF Scheme charged to the consolidated statement of profit or loss and other comprehensive income represent contributions payable to the funds by the Group at rates specified in the rules of the MPF Scheme. During the year ended 31 December 2014, the Group made to the MPF Scheme contributions amounting to RMB77,000 (2013: RMB72,000).

## 41. RELATED PARTY TRANSACTIONS

(a) In addition to those related party transactions and balances disclosed elsewhere in the financial statements, the Group had the following transactions with its related parties during the year:

	2014 RMB'000	2013 RMB'000
Finished goods purchased from associates	5,539	3,946
Finished goods purchased from a joint venture	-	2,576
Finished goods sold to associates	86	82
Interest expenses on amount due to a non-controlling shareholder	-	201
Rental income received from associates	336	336
	<u>336</u>	<u>336</u>

(b) The key management personnel are the directors. The details of the remuneration paid to them are set out in note 15 to the financial statements.

## 42. CONTINGENT LIABILITIES

The Group and the Company did not have any significant contingent liabilities at 31 December 2014 (2013: Nil).



**43. EVENTS AFTER THE REPORTING PERIOD**

Subsequent to the end of the reporting period, the Group entered into the following agreements:

**(a) Acquisition**

On 27 February 2015, the Group entered into a sales and purchase agreement with a subsidiary of China International Marine Containers (Group) Co., Ltd., ("CIMC") (the "Vendor") to acquire 40% equity interests in Albert Ziegler GmbH ("Ziegler") (the "Acquisition") from CIMC at a consideration of HKD489,428,572. Ziegler is a company incorporated in Germany, it and its subsidiaries are principally engaged in the development, production and distribution of a broad range of firefighting and special purpose vehicles, pumps and other firefighting equipment. To settle the consideration, the Company will issue to the Vendor 1,223,571,430 new shares of the Company, which represents 30% of the enlarged issued share capital of the Company. Upon completion of the Acquisition, Ziegler will be accounted for as an associate of the Company. Subject to certain conditions precedent, the Acquisition is expected to be completed in the first half of 2015.

**(b) Disposal**

Also on 27 February 2015, the Group entered into a sales and purchase agreement with a third party independent of the Company and its connected persons (as defined in the Listing Rules) to dispose of a group of subsidiaries (the "Disposal") at a cash consideration of RMB50,000,000. The subsidiaries concerned are mainly engaged in the provision of installation and maintenance of fire prevention and fighting system services. Subject to certain conditions precedent, the Disposal is expected to be completed in the first half of 2015.

**44. APPROVAL OF FINANCIAL STATEMENTS**

The financial statements were approved and authorised for issue by the Board of Directors on 20 March 2015.

**4. INDEBTEDNESS STATEMENT**

At the close of business on 31 March 2015, being the latest practicable date for the purpose of preparing this indebtedness statement prior to the printing of this circular, the Group had total outstanding borrowings of RMB82 million, which were all unsecured short term bank loans.

Save as aforesaid and apart from intra-group liabilities, the Group did not have, at the close of business on 31 March 2015, any debt securities issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptance or accepted credits, debentures, mortgages, charges, hire purchase or finance lease commitments, guarantees or other material contingent liabilities.

**5. WORKING CAPITAL**

The Directors, after due and careful consideration, are of the opinion that, taking into account the internal resources, the existing available credit facilities of the Group and the net proceeds from the Disposal, the Group has sufficient working capital for its present requirements for at least twelve months from the date of publication of this circular in the absence of unforeseen circumstances.

**6. MATERIAL CHANGE**

On 27 February 2015, Wang Sing (a direct wholly-owned subsidiary of the Company) and the LA Purchaser entered into the Disposal Agreement, pursuant to which Wang Sing conditionally agreed to sell, and the LA Purchaser conditionally agreed to purchase, the entire equity interest in Loyal Asset at a cash consideration of RMB50 million (equivalent to approximately HK\$62.5 million). Details of the Disposal were set out in the circular of the Company dated 27 March 2015.

On 27 February 2015, the Purchaser (an indirect wholly-owned subsidiary of the Company), the Vendor (an indirect wholly-owned subsidiary of CIMC), the Company and CIMC (HK) (a direct wholly-owned subsidiary of CIMC) entered into the Acquisition Agreement, pursuant to which the Purchaser conditionally agreed to purchase, and the Vendor conditionally agreed to sell, the Sale Shares and the Sale Loan at a consideration of HK\$489,428,572, which shall be satisfied by the Company by way of allotment and issuance of 1,223,571,430 Consideration Shares at the Issue Price of HK\$0.4 per Consideration Share to the Vendor (or its nominee).

The Directors confirm that, save as disclosed above, there has been no material change in the financial or trading position or outlook of the Group since 31 December 2014, being the date to which the latest published audited consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date.

**7. MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2014, being the date to which the latest published audited consolidated financial statements of the Group were made up.

**8. FINANCIAL AND TRADING PROSPECTS OF THE GROUP**

Upon Acquisition Completion, the Group will focus on the production and sale of fire engines and fire prevention and fighting equipment.

Based on the foundation that the Group's fire engines business has built in the past 50 years (include the predecessor of the subsidiary that the Group acquired in 2004 through which it stepped into the industry) and the strategic alliances established among the Group, Ziegler and CIMC, the Group will strengthen its fire engines and firefighting equipment businesses through:

- (i) enrichment of the product portfolio by strengthening the research and development function;
- (ii) improvement of the product quality and enhancement of its production efficiency and after-sale services by introducing new and advance production technologies through cooperation with Ziegler;
- (iii) expansion of the market coverage by tapping into the sales and relationship network of Ziegler and CIMC; and
- (iv) potential acquisition of enterprises that will create synergies with the Group's operations.

Demand for advance and high performance fire engines in the PRC has been increasing. However, domestically produced fire engines are lagged far behind their foreign counterparts for the time being. To capture the high-end market which is largely occupied by foreign imports, the Group plans to develop and produce series of fire engines that are comparable with the imported trucks in terms of quality and functions but at relatively low costs and have scarce domestic supply. The Directors expect that such move would help to expand the Group's market share and raise its overall sales volume and profit margin level. The fire engines manufacturing industry in the PRC is quite fragmented with no dominate national leader. With all these inputs, the Group hopefully would lead the national market and ultimately to compete in the global market.

*The following is the text of a report received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.*



羅兵咸永道

28 April 2015

The Directors  
China Fire Safety Enterprise Group Limited

Dear Sirs,

We report on the financial information of Albert Ziegler GmbH ("Ziegler") and its subsidiaries (together, the "Ziegler Group"), which comprises the consolidated and company statements of financial position of Ziegler as at 31 December 2013 and 31 October 2014, and the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of Ziegler for the period from 14 August 2013 (date of incorporation) to 31 December 2013 and the ten months ended 31 October 2014 (the "Relevant Periods") and a summary of significant accounting policies and other explanatory information. This financial information has been prepared by the directors of China Fire Safety Enterprise Group Limited (the "Company") and is set out in Sections I to IV below for inclusion in Appendix IIA to the circular of the Company dated 28 April 2015 (the "Circular") in connection with the proposed acquisition of Ziegler by the Company.

Ziegler was incorporated in Germany on 14 August 2013 as a limited liability company. As at the date of this report, Ziegler has direct and indirect interests in the subsidiaries as set out in Note 1 of Section I below.

No audited statutory financial statements have been prepared by Ziegler as it is newly incorporated. The audited financial statements of the other companies now comprising the Ziegler Group as at the date of this report for which there are statutory audit requirements have been prepared in accordance with the relevant accounting principles generally accepted in their respective places of incorporation. The details of the statutory auditors of these companies are set out in Note 1 of Section I.

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**APPENDIX IIA                      ACCOUNTANT'S REPORT OF THE ZIEGLER GROUP**

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The directors of Ziegler have prepared the consolidated financial statements of Ziegler for the Relevant Periods, in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") (the "Underlying Financial Statements"). We have audited the Underlying Financial Statements in accordance with Hong Kong Standards on Auditing (the "HKSA") issued by the HKICPA pursuant to separate terms of engagement.

The directors of Ziegler during the Relevant Periods are responsible for the preparation of the Underlying Financial Statements that give a true and fair view in accordance with HKFRSs, and for such internal control as the directors determine is necessary to enable the preparation of the Underlying Financial Statements that are free from material misstatement, whether due to fraud or error.

The financial information has been prepared based on the Underlying Financial Statements, with no adjustment made thereon.

**Directors' Responsibility for the Financial Information**

The directors of the Company are responsible for the preparation of the financial information that gives a true and fair view in accordance with HKFRSs and accounting policies adopted by the Company and its subsidiaries (together, the "Group") as set out in the annual report of the Company for the year ended 31 December 2014.

**Reporting Accountant's Responsibility**

Our responsibility is to express an opinion on the financial information and to report our opinion to you. We carried out our procedures in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA.

**Opinion**

In our opinion, the financial information gives, for the purpose of this report, a true and fair view of the state of affairs of Ziegler and of the Ziegler Group as at 31 December 2013 and 31 October 2014 and of the Ziegler Group's results and cash flows for the Relevant Periods then ended.

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**APPENDIX IIA                      ACCOUNTANT'S REPORT OF THE ZIEGLER GROUP**

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**I. Financial information of the Ziegler Group**

The following is the financial information of the Ziegler Group as at 31 December 2013 and 31 October 2014, and for the Relevant Periods (the "Financial Information").

**(a) CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

	<i>Note</i>	From 14 August 2013 (date of incorporation) to 31 December 2013 <i>EUR'000</i>	Ten months ended 31 October 2014 <i>EUR'000</i>
Revenue	6	12,811	111,057
Cost of sales	12	(12,524)	(104,690)
<b>Gross profit</b>		<u>287</u>	<u>6,367</u>
Other income	7	29	760
Selling and distribution costs	12	(601)	(9,496)
General and administrative expenses	12	(554)	(7,327)
Other gain/(losses), net	9	7,149	(340)
Finance costs	10	(93)	(1,076)
<b>Profit/(loss) before tax</b>		<u>6,217</u>	<u>(11,112)</u>
Income tax credit	11	185	2,556
<b>Profit/(loss) for the period</b>		<u><u>6,402</u></u>	<u><u>(8,556)</u></u>
<b>Other comprehensive income:</b>			
<i>Item that will not be reclassified</i>			
<i>subsequently to profit or loss</i>			
Remeasurements of post-employment benefit obligations, net of tax		-	(143)
<i>Items that may be reclassified to</i>			
<i>profit or loss</i>			
Exchange differences on translating foreign operations		<u>1</u>	<u>4</u>
<b>Other comprehensive income/(loss) for the period, net of tax</b>		<u>1</u>	<u>(139)</u>
<b>Total comprehensive income/(loss) for the period</b>		<u><u>6,403</u></u>	<u><u>(8,695)</u></u>

	From 14 August 2013 (date of incorporation) to 31 December 2013 <i>EUR'000</i>	Ten months ended 31 October 2014 <i>EUR'000</i>
<b>Profit/(loss) for the period attributable to:</b>		
– Owners of Ziegler	6,402	(8,576)
– Non-controlling interests	–	20
	<u>6,402</u>	<u>(8,556)</u>
<b>Other comprehensive income/(loss) for the period attributable to:</b>		
– Owners of Ziegler	1	(139)
– Non-controlling interests	–	–
	<u>1</u>	<u>(139)</u>
<b>Total comprehensive income/(loss) for the period attributable to:</b>		
– Owners of Ziegler	6,403	(8,715)
– Non-controlling interests	–	20
	<u>6,403</u>	<u>(8,695)</u>

**APPENDIX IIA ACCOUNTANT'S REPORT OF THE ZIEGLER GROUP**

**(b) CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

		As at	
	<i>Note</i>	31 December 2013 <i>EUR'000</i>	31 October 2014 <i>EUR'000</i>
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	16	20,978	20,462
Intangible assets	17	8,346	7,945
Deferred income tax assets	26	549	3,334
		29,873	31,741
<b>Current assets</b>			
Inventories	19	39,383	62,500
Trade receivables, net	20	18,257	23,081
Other receivables and other assets	20	1,926	4,153
Pledged bank deposits	21	1,338	1,498
Cash and cash equivalents	21	9,508	2,747
		70,412	93,979
<b>Total assets</b>		100,285	125,720
<b>Current liabilities</b>			
Trade and other payables	22	20,036	19,228
Current tax liabilities		72	168
Advance from customers		4,237	5,568
Bank borrowings	24	5,915	18,125
Amounts due to related parties	23	28,797	45,178
Provisions for other liabilities and charges	25	2,041	2,643
		61,098	90,910
<b>Net current assets</b>		9,314	3,069
<b>Total assets less current liabilities</b>		39,187	34,810



	<i>Note</i>	As at	
		31 December 2013 <i>EUR'000</i>	31 October 2014 <i>EUR'000</i>
<b>Non-current liabilities</b>			
Trade and other payables	22	–	375
Bank borrowings	24	–	26
Retirement benefit obligations		416	778
Deferred income tax liabilities	26	1,977	2,033
Provisions for other liabilities and charges	25	288	269
		<u>2,681</u>	<u>3,481</u>
<b>Net Assets</b>		<u><u>36,506</u></u>	<u><u>31,329</u></u>
<b>Capital and reserve</b>			
Share capital	27	10,025	13,543
Other reserves	27	20,000	20,000
Retained earnings/(accumulated losses)	28	6,403	(2,312)
		<u>36,428</u>	<u>31,231</u>
Equity attributable to the owner of Ziegler		78	98
Non-controlling interests		<u>78</u>	<u>98</u>
<b>Total Equity</b>		<u><u>36,506</u></u>	<u><u>31,329</u></u>

**APPENDIX IIA ACCOUNTANT'S REPORT OF THE ZIEGLER GROUP**

(c) STATEMENTS OF FINANCIAL POSITION

		As at	
	<i>Note</i>	31 December 2013 <i>EUR'000</i>	31 October 2014 <i>EUR'000</i>
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	16	14,616	14,345
Intangible assets	17	8,096	7,846
Investments in subsidiaries	18	10,238	10,463
Deferred tax assets	26	276	2,586
		33,226	35,240
<b>Current assets</b>			
Inventories	19	24,300	40,755
Trade receivables, net	20	7,074	13,725
Other receivables and other assets	20	2,209	10,208
Prepayments to subsidiaries	20	–	2,002
Loans to subsidiaries	20	–	3,712
Pledged bank deposits	21	–	680
Cash and cash equivalents	21	4,596	1,634
		38,179	72,716
<b>Total assets</b>		71,405	107,956
<b>Current Liabilities</b>			
Trade and other payables	22	8,118	10,471
Bank borrowings	24	–	12,220
Amount due to related parties	23	28,797	44,228
Amounts due to subsidiaries	22	255	7,250
Advance from customers		35	2,485
Prepayments from subsidiaries		–	326
Provisions for other liabilities and charges	25	1,363	1,786
		38,568	78,766
<b>Net current liabilities</b>		(389)	(6,050)
<b>Total assets less current liabilities</b>		32,837	29,190

**APPENDIX IIA ACCOUNTANT'S REPORT OF THE ZIEGLER GROUP**

		As at	
	<i>Note</i>	31 December 2013 <i>EUR'000</i>	31 October 2014 <i>EUR'000</i>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Trade and other payables	22	–	181
Retirement benefit obligations		416	778
Deferred income tax liabilities	26	1,011	1,227
Provisions for other liabilities and charges	25	224	233
		<u>1,651</u>	<u>2,419</u>
<b>Net Assets</b>		<u><u>31,186</u></u>	<u><u>26,771</u></u>
<b>Capital and reserves</b>			
Share capital	27	10,025	13,543
Other reserves	27	20,000	20,000
Retained earnings/(accumulated losses)	28	1,161	(6,772)
<b>Total Equity</b>		<u><u>31,186</u></u>	<u><u>26,771</u></u>

**APPENDIX IIA ACCOUNTANT'S REPORT OF THE ZIEGLER GROUP**

**(d) CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

	Attributable to owner of Ziegler			Total EUR'000	Non- controlling Interests EUR'000	Total equity EUR'000
	Share capital EUR'000	Reserves EUR'000	Retained Earnings EUR'000			
At 14 August 2013 (date of incorporation)	13	-	-	13	-	13
Profit for the period	-	-	6,402	6,402	-	6,402
Other comprehensive income						
Currency translation differences	-	-	1	1	-	1
<b>Total comprehensive income</b>	-	-	6,403	6,403	-	6,403
Proceeds from shares issued	10,012	-	-	10,012	-	10,012
Contribution from the shareholder	-	20,000	-	20,000	-	20,000
Non-controlling interests arising from business combinations	-	-	-	-	78	78
<b>Total transactions with owners recognized directly in equity</b>	10,012	20,000	-	30,012	78	30,090
<b>Balance at 31 December 2013</b>	<b>10,025</b>	<b>20,000</b>	<b>6,403</b>	<b>36,428</b>	<b>78</b>	<b>36,506</b>

	Attributable to owner of Ziegler					Total equity EUR'000
	Share capital EUR'000	Reserves EUR'000	Retained Earnings/ (accumulated losses) EUR'000	Total EUR'000	Non- controlling Interests EUR'000	
At 1 January, 2014	10,025	20,000	6,403	36,428	78	36,506
(Loss)/profit for the period	-	-	(8,576)	(8,576)	20	(8,556)
<b>Other comprehensive income</b>						
Remeasurements of post- employment benefit obligations	-	-	(143)	(143)	-	(143)
Currency translations differences	-	-	4	4	-	4
Total other comprehensive loss, net of tax	-	-	(139)	(139)	-	(139)
<b>Total comprehensive (loss)/income</b>	-	-	(8,715)	(8,715)	20	(8,695)
Proceeds from paid in capital	3,518	-	-	3,518	-	3,518
<b>Total transactions with owners recognized directly in equity</b>	3,518	-	-	3,518	-	3,518
<b>At 31 October 2014</b>	<b>13,543</b>	<b>20,000</b>	<b>(2,312)</b>	<b>31,231</b>	<b>98</b>	<b>31,329</b>

**APPENDIX IIA ACCOUNTANT'S REPORT OF THE ZIEGLER GROUP**

(c) CONSOLIDATED STATEMENTS OF CASH FLOWS

	<i>Note</i>	From 14 August 2013 (date of incorporation) to 31 December 2013 <i>EUR'000</i>	Ten months ended 31 October 2014 <i>EUR'000</i>
<b>Cash flows from operating activities</b>			
Profit/(loss) before taxation		6,217	(11,112)
Adjustments for:			
Allowance for bad and doubtful debts	9	212	42
Allowance for obsolete and slow-moving inventories	9	–	125
Amortisation of intangible assets	17	62	638
Depreciation of property, plant and equipment	16	129	1,570
Gain from bargain purchase in a business combination	33	(7,465)	–
Finance costs	10	93	1,076
		<hr/>	<hr/>
Operating loss before working capital changes		(752)	(7,661)
		<hr/>	<hr/>
Decrease/(increase) in inventories		11,276	(23,117)
Increase in trade receivables, other receivables and other assets		(4,227)	(7,051)
(Decrease)/increase in provisions for other liabilities and charges		(2,329)	583
(Decrease)/Increase in advance from customers		(1,163)	1,331
Decrease/(increase) in trade and other payables		5,193	(1,500)
Increase in retirement benefit obligations		416	362
Increase in pledged bank deposits		(1,338)	(160)
		<hr/>	<hr/>
<b>Net Cash generated from/(used in) operations</b>		7,076	(37,213)
		<hr/>	<hr/>
Interest paid		(46)	(316)
Income tax paid		(518)	(77)
		<hr/>	<hr/>
<b>Net cash generated from/(used in) operating activities</b>		6,512	(37,606)
		<hr/>	<hr/>

	<i>Note</i>	From 14 August 2013 (date of incorporation) to 31 December 2013 EUR'000	Ten months ended 31 October 2014 EUR'000
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		–	(1,167)
Proceeds from disposal of property, plant and equipment		–	110
Payment for purchase of intangible assets		–	(237)
Payment for business combination, net acquired cash and cash equivalents	33	(54,175)	–
<b>Net cash flows used in investing activities</b>		<u>(54,175)</u>	<u>(1,294)</u>
<b>Cash flows from financing activities</b>			
Proceeds from issuance of shares		10,012	3,518
Contributions from shareholder		20,000	–
Proceeds from new bank loans		–	12,236
Repayment of bank loans		(1,639)	–
Increase in amounts due to related parties		28,797	16,381
<b>Net cash generated from financing activities</b>		<u>57,170</u>	<u>32,135</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		9,507	(6,765)
Exchange gains on cash and cash equivalents		1	4
<b>Cash and cash equivalents at beginning of the period</b>		<u>–</u>	<u>9,508</u>
<b>Cash and cash equivalents at end of the period</b>		<u><u>9,508</u></u>	<u><u>2,747</u></u>
<b>Represented by:</b>			
Cash and bank balances		<u><u>9,508</u></u>	<u><u>2,747</u></u>

## APPENDIX IIA ACCOUNTANT'S REPORT OF THE ZIEGLER GROUP

### II. NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

*(All amounts in Euro unless otherwise stated)*

#### 1. GENERAL INFORMATION

Ziegler was incorporated on 14 August 2013 in Frankfurt am Main (Germany) as Platin 959 GmbH, renamed to CIMC Ziegler GmbH, then renamed to Albert Ziegler GmbH. The address of its registered office and principal place of business is Memminger Straße 28, 89537 Giengen an der Brenz (Germany).

In November 2013, Ziegler was acquired by CIMC Top Gear B.V., a wholly owned subsidiary of China International Marine Containers (Group) Co., Ltd ("CIMC"), as a holding company solely for the purpose of effecting a transaction (the "2013 Acquisition") in acquiring certain assets (such as property, plant and equipment, other receivables and intangible assets), liabilities relating to employees and product warranty, and equity interests in certain operating subsidiaries of another limited liability company relating to the business of development, production and distribution of a broad range of firefighting and special purpose vehicles, pumps and other firefighting components (collectively, the "Acquired Entity Assets") from the insolvency administrator on behalf of the original owner, Albert Ziegler GmbH & Co. KG (the "Entity"). The 2013 Acquisition was completed on 13 December 2013 and the details were set out in Note 33.

After the 2013 Acquisition, Ziegler and its subsidiaries (together the "Ziegler Group") are principally engaged in the development, production and distribution of a broad range of firefighting and special purpose vehicles, pumps and other firefighting components.

Taking into account the effect of the 2013 Acquisition, as at the end of each reporting period, Ziegler has equity interest in the following subsidiaries:

Name	Place of incorporation	Principal activities	Issued/Paid up capital as at 31 December 2013 and 31 October 2014	Interests held as at 31 December 2013 and 31 October 2014
Ziegler Safety GmbH & Co. KG (f)	Giengen/Brenz, Germany	Trading of fire vehicles and freighting equipment	Limited liability capital EUR1,000,000	100%
Ziegler Feuerwehrgeratechnik GmbH & Co. KG (a)	Mühlau, Germany	Manufacturing and sales of fire vehicles	Limited liability capital EUR950,000	100%
Albert Ziegler Feuerschutz GmbH (b)	Rendsburg, Germany	Manufacturing and sales of fire vehicles	Registered capital EUR76,693.78, issued and paid-up	100%
Ziegler Brandweartechnik B.V. (c)	Wunschoten, Netherlands	Manufacturing and sales of fire vehicles	Registered capital EUR465,134.73, issued and paid-up	100%
Ziegler d.o.o. (d)	Zagreb, Croatia	Manufacturing and sales of fire vehicles	Registered capital HRK410,800, issued and paid-up	100%
Visser B.V. (c)	Leeuwarden, Netherlands	Manufacturing and sales of fire vehicles	Total share capital is EUR90,000, of which EUR18,151 is issued and paid-up	95.01%



**APPENDIX IIA**
**ACCOUNTANT'S REPORT OF THE ZIEGLER GROUP**

Name	Place of incorporation	Principal activities	Issued/Paid up capital as at 31 December 2013 and 31 October 2014	Interests held as at 31 December 2013 and 31 October 2014
Ziegler Italiana S.r.l.(g)	Lana, Italy	Manufacturing and sales of fire vehicles	Registered capital EUR10,400, issued and paid-up	100%
Ziegler S Gasilska tehnika d.o.o. (e)	Vrhnika, Slovenia	Trading of fire vehicles and freighting equipment	Registered capital EUR62,593,98, issued and paid-up	100%
Ziegler Hasciska Technika s.r.o. (g)	Brno, Czech Republic	Trading of fire vehicles and freighting equipment	Registered Capital CZK2,600,000 (EUR72,926.16), issued and paid-up	100%
Ziegler Verwaltungsgesellschaft mbH (g)	Mehlau, Germany	Management company	Registered capital EUR30,000, issued and paid-up.	100%
Ziegler GmbH (g)	Giengen an der Brenz, Germany	Management company	Registered capital, EUR25,000, issued and paid-up	100%
Ziegler Auslandsholding GmbH (g)	Giengen an der Brenz, Germany	Management company	Registered capital is EUR30,000, of which EUR17,500 is issued and paid-up	100%
Ziegler Deelnemingen B.V. (g)	Winschoten, Netherlands	Management company	Total share capital is EUR90,000, of which EUR45,000 is issued and paid-up	100%
Signalis B.V. (g)	Winschoten, Netherlands	Management company	Total share capital is EUR90,000, of which EUR45,000 is issued and paid-up	100%
Autoschade Winschoten B.V. (g)	Winschoten, Netherlands	Management company	Total share capital is EUR90,000, of which EUR18,200 is issued and paid-up	100%
Ziegler Fire and Rescue Vehicles Sales and Service (Beijing) Co., Ltd. (h)	Beijing, China	Wholesale and after-sales service of fire vehicles	Registered capital EUR 1,500,000, of which EUR225,000 is issued and paid up	100%

(a) The statutory financial statements of Ziegler Feuerwergeratetechnik GmbH & Co. KG for each of the years ended 31 December 2011, 2012 and 2013 were audited Keussen Kuhmich Furkart GmbH Chemnitz Germany.

(b) The statutory financial statements of Albert Ziegler Feuerschutz GmbH for each of the years ended 31 December 2011, 2012 and 2013 were audited by Claub GmbH Stuttgart Germany.

(c) The statutory financial statements of Ziegler Brandweertechnik B.V. and Visser B.V. for each of the years ended 31 December 2011, 2012 and 2013 were audited by Ernst & Young Groningen Netherlands.

(d) The statutory financial statements of Ziegler d.o.o. for each of the years ended 31 December 2011, 2012 and 2013 were audited by Kulic i Sperk Revizija d.o.o. Zagreb Croatia.

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**APPENDIX IIA ACCOUNTANT'S REPORT OF THE ZIEGLER GROUP**

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- (e) The statutory financial statements of Ziegler S Gasilska Tehnika d.o.o. for each of the years ended 31 December 2011, 2012 and 2013 were audited by Dianamic d.o.o. Ljubljansk Slovenia.
- (f) No audited financial statements have been prepared for Ziegler Safety GmbH & Co. KG for each of the years ended 31 December 2011, 2012 and 2013 as it was in the process of bankruptcy liquidation.
- (g) No audited financial statements have been prepared for those subsidiaries as these companies are not required to issue audited financial statements under the statutory requirements of their respective places of incorporation.
- (h) No audited financial statements have been prepared for Ziegler Fire and Rescue Vehicles Sales and Service (Beijing) Co., Ltd. as it is newly set up in 2014.

**2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS**

Ziegler has adopted all of new and revised standards, amendments and interpretations (hereinafter collectively referred to as "2014 Effective HKFRSs") issued by the HKICPA, which are effective for the accounting periods beginning on or after 1 January, 2014 in the preparation of Financial Information. These 2014 Effective HKFRSs were consistently applied throughout the Relevant Periods.

Ziegler has not early adopted the following new and revised HKFRSs that have been issued but are not yet effective, in the Financial Information.

		Effective date
HKAS 19 (2011) Amendment	Defined Benefit Plans: Employee Contributions	Accounting periods beginning on or after 1 July 2014
Annual Improvements Project	Annual Improvements 2010-2012 Cycle	Accounting periods beginning on or after 1 July 2014
Annual Improvements Project	Annual Improvements 2011-2013 Cycle	Accounting periods beginning on or after 1 July 2014
Annual Improvements Project	Annual Improvements 2011-2013 Cycle	Accounting periods beginning on or after 1 January 2016
HKFRS 14	Regulatory Deferral Accounts	Accounting periods beginning on or after 1 January 2016
HKFRS 10 and HKAS 28 Amendment	Sale or contribution of assets between an investor and its associate or joint venture	Accounting periods beginning on or after 1 January 2016
HKAS 16 and HKAS 38 Amendment	Clarification of Acceptable Methods of Depreciation and Amortisation	Accounting periods beginning on or after 1 January 2016
HKAS 27 Amendment	Equity Method in Separate Financial Statements	Accounting periods beginning on or after 1 January 2016
HKFRS 15	Revenue from Contracts with Customers	Accounting periods beginning on or after 1 January 2017

The Ziegler Group is in the process of making an assessment of the potential impact of the above new and revised standards, amendments and interpretations but is not yet in a position to state whether they would have a material impact on the results and the financial position of the Ziegler Group.

**3. SIGNIFICANT ACCOUNTING POLICIES****Basis of preparation**

The Financial Information of the Ziegler Group has been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

The Financial Information has been prepared under the historical cost convention and presented in Euro in thousand units, unless otherwise stated.

The consolidated financial information is prepared in accordance with the applicable requirements of the predecessor Companies Ordinance (Cap. 32) for this financial year and the comparative period.

The preparation of the Financial Information in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Ziegler Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Financial Information are disclosed in note 4.

The significant accounting policies applied in the preparation of the Financial Information are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

**Going concern**

Ziegler is at net current liability position of Euro389,000 and Euro6,050,000 as of 31 December, 2013 and 31 October, 2014, respectively. The directors of Ziegler have prepared cash flow projections that support the ability of Ziegler to continue as a going concern. These cash flow projections assume that Ziegler is able to obtain sufficient additional funding from its shareholder. The shareholder of Ziegler has confirmed that they will provide financial support for the continuing operations of Ziegler so as to enable it to meet its liabilities as they fall due and carry on its business without a significant curtailment of operations in the twelve months from 31 October, 2014. The directors of Ziegler thus believe that Ziegler and Ziegler Group has sufficient cash flows to meet its liabilities and financial obligations as and when they fall due in the coming twelve months from the date of these financial statements. Accordingly, the directors consider it is appropriate to prepare these financial statements on a going concern basis.

**(a) Consolidation**

The consolidated financial information includes the financial information of Ziegler and its subsidiaries. Subsidiaries are entities over which the Ziegler Group has control. The Ziegler Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Ziegler Group has power over an entity when the Ziegler Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Ziegler Group considers its potential voting rights as well as potential voting rights held by other parties. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Ziegler Group. They are de-consolidated from the date the control ceases.

If the Ziegler Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between the aggregate of the fair value of the relevant consideration and the fair value of any retained interests and the carrying amount of the assets (including goodwill) and liabilities of the subsidiary and any non-controlling interests.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Ziegler Group.

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to Ziegler. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Non-controlling interests are presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of profit or loss and total comprehensive income for the period between the non-controlling shareholders and owners of Ziegler.

Profit or loss and each component of other comprehensive income are attributed to the owners of Ziegler and to the non-controlling shareholders even if this results in the non-controlling interests having a deficit balance.

In Ziegler's statement of financial position the investments in subsidiaries are stated at cost less allowance for impairment losses. The results of subsidiaries are accounted for by Ziegler on the basis of dividends received and receivable.

**(b) Business combinations**

The acquisition method is used to account for business combination. The cost of acquisition is measured at the acquisition-date fair value of the assets given, equity instruments issued, liabilities incurred and contingent consideration. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received. Identifiable assets and liabilities in the acquisition are measured at their acquisition-date fair values.

The excess of the cost of acquisition over Ziegler's share of the net fair value of the identifiable assets and liabilities is recorded as goodwill. Any excess of Ziegler's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss as a gain on bargain purchase which is attributed to Ziegler.

The non-controlling interests in the subsidiary are initially measured at the non-controlling shareholders' proportionate share of the net fair value of the subsidiary's identifiable assets and liabilities at the acquisition date.

**(c) Foreign currency translation**

**(i) Functional and presentation currency**

Items included in the financial information of each of the Ziegler Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial information is presented in Euro, which is Ziegler's presentation and functional currency.

**(ii) Transactions and balances in each entity's financial statements**

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

## (iii) Translation on consolidation.

The results and financial position of all the Ziegler Group entities that have a functional currency different from Ziegler's presentation currency are translated into Ziegler's presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses for each statement of comprehensive income are translated at average exchange rates for the period (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and
- All resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings are recognised in the exchange reserve. When a foreign operation is sold, such exchange differences are reversed to consolidated profit or loss as part of the gain or loss on disposal.

Fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

## (d) Property, plant and equipment

Property, plant and equipment include freehold lands and buildings, machinery and equipment.

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Ziegler Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

Freehold Land is not depreciated. Depreciation on other property, plant and equipment is calculated at rates appropriate to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal useful lives are as follows:

- Buildings	20-50 years
- Machinery	1-15 years
- Equipment	1-15 years

The residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at the end of each reporting period.

Construction in progress represents buildings under construction and plant and machinery pending installation, and is stated at cost less impairment losses. Depreciation begins when the relevant assets are available for use.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

(e) Intangible assets

(i) Trademarks, technologies and order backlogs

Separately acquired trademarks, technologies and order backlogs are shown at historical cost. Trademark, technologies and order backlogs acquired in a business combination are recognised at fair value at the acquisition date.

The trademark has an indefinite useful life and is carried by the impairment-only-approach. An impairment test is done yearly regarding the trademark.

Technologies and order backlogs have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost over their estimated useful lives of one to three years.

(ii) Software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of one to three years.

Software is reviewed for impairment whenever events or changes in circumstances indicate that the book value may no longer be recoverable. An impairment loss is recognised for the amount by which the asset's book value exceeds its recoverable amount. Impairments are reversed if and to the extent that the impairment no longer exists. The recoverable amount is defined as the higher of an asset's fair value less cost to sell and its value in use.

Costs associated with maintaining computer software programs are recognised as an expense as incurred.

(f) Leases

*The Ziegler Group as lessee*

(i) Operating leases

Leases that do not substantially transfer to the lessees all the risks and rewards of ownership of assets are accounted for as operating leases. Lease payments (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the lease term.

(ii) Financial Leasing

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. The leased asset is recognised at the lower of the fair value of the leased asset and the present value of the minimum lease payments. The difference between the recorded amount of the leased asset and the minimum lease payments is accounted for as unrecognised finance charge and is amortized using the effective interest method over the period of the lease. A long-term payable is recorded at the amount equal to the minimum lease payments less the unrecognised finance charge.

Each lease payment is allocated between the liability and finance charges. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset and the lease term.

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## APPENDIX IIA ACCOUNTANT'S REPORT OF THE ZIEGLER GROUP

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**(g) Research and development expenditure**

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally generated intangible asset is recognised only if all of the following conditions are met:

- An asset is created that can be identified;
- It is probable that the asset created will generate future economic benefits; and
- The development cost of the asset can be measured reliably.

Amortisation is calculated on a straight-line basis over the estimated useful lives of three years.

**(h) Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average basis. The cost of finished goods and work in progress comprises raw materials, direct labour and an appropriate proportion of all production overhead expenditure, and where appropriate, subcontracting charges. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

**(i) Financial assets**

The Ziegler Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

**(i) Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current.

**(ii) Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. The Ziegler Group's loans and receivables comprise 'trade receivables', 'other receivables', 'pledged bank deposits' and 'cash and cash equivalents' in the balance sheet. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

**(j) Recognition and derecognition of financial instruments**

Financial assets and financial liabilities are recognised in the statement of financial position when the Ziegler Group becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Ziegler Group transfers substantially all the risks and rewards of ownership of the assets; or the Ziegler Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

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**APPENDIX IIA ACCOUNTANT'S REPORT OF THE ZIEGLER GROUP**

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**(k) Offsetting financial assets and liabilities**

Financial assets and liabilities are offset and reported on a net basis on the Ziegler Group's consolidated statement of financial position only when there currently is a legally enforceable right to offset the recognized amounts and there is an intention either to settle on a net basis or to realize the asset and settle the liability simultaneously.

**(l) Trade and other receivables**

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of trade and other receivables is established when there is objective evidence that the Ziegler Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the allowance is the difference between the receivables' carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate computed at initial recognition. The amount of the allowance is recognised in profit or loss.

Impairment losses are reversed in subsequent periods and recognised in profit or loss when an increase in the receivables' recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the receivables at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

**(m) Cash and cash equivalents**

For the purpose of the statement of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value.

**(n) Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Ziegler Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

**(o) Trade and other payables**

Trade and other payables (including amounts due to related parties) are stated initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

**(p) Equity instruments**

Equity instruments issued by Ziegler are recorded at the amounts of proceeds received, net of direct issue costs.



(q) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and is recognised when it is probable that the economic benefits will flow to the Ziegler Group and the amount of revenue can be measured reliably. Revenue excludes value added tax or other sales tax and any trade discounts.

Revenues from the sales of goods are recognised on the transfer of significant risks and rewards of ownership, which generally coincides with the time when the goods are delivered and the title has passed to the customers.

Service income is recognised when the services are rendered.

Interest income is recognised on a time-proportion basis using the effective interest method.

(r) Employee benefits

(i) Pension obligations

A defined contribution plan is a pension plan under which the Ziegler Group pays fixed contributions into a separate entity. The Ziegler Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan.

Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

The current service cost of the defined benefit plan, recognised in the income statement in employee benefit expense, except where included in the cost of an asset, reflects the increase in the defined benefit obligation results from employee service in the current year, benefit changes, curtailments and settlements.

Past-service costs are recognised immediately in income.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the income statement.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

For defined contribution plans, the Ziegler Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Ziegler Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

(ii) Anniversary bonuses to employees

Some group companies provide anniversary bonuses due to long service to employees. A provision is made for the estimated liability subject to seniority of each employee. The present value of the bonuses are determined by discounting the estimated future cash outflows using average interest rates of bonds during the past seven years that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related bonuses.

(iii) Termination benefits

Termination benefits are payable when employment is terminated by the Ziegler Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Ziegler Group recognises termination benefits at the earlier of the following dates: (a) when the Ziegler Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of HKAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

(iv) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(v) Employee flexible working hours

Employee entitlements to flexible working hours are recognised when the actual obligation exists. A provision is made for the estimated liability as a result of services rendered by employees.

(s) **Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalization is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Ziegler Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

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### (i) Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because it excludes items of income or expense that are taxable or deductible in other years, and items that are never taxable or deductible, and it further includes items from previous years that were not deductible or taxable. The Ziegler Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Ziegler Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Ziegler Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Ziegler Group intends to settle its current tax assets and liabilities on a net basis.

(u) **Impairment of assets**

At the end of each reporting period, the Ziegler Group reviews the carrying amounts of its tangible and intangible assets except inventories and receivables to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Ziegler Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(v) **Related parties**

A related party is a person or entity that is related to the Ziegler Group.

(a) A person or a close member of that person's family is related to the Ziegler Group if that person:

- (i) has control or joint control over the Ziegler Group;
- (ii) has significant influence over the Ziegler Group; or
- (iii) is a member of the key management personnel of Ziegler or of a parent of Ziegler.

(b) An entity is related to the Ziegler Group if any of the following conditions applies:

- (i) The entity and Ziegler are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Ziegler Group or an entity related to the Ziegler Group. If the Ziegler Group is itself such a plan, the sponsoring employers are also related to the Ziegler Group.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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**(w) Provisions and contingent liabilities**

Provisions are recognised for liabilities of uncertain timing or amount when the Ziegler Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow is remote.

**(x) Events after the reporting period**

Events after the reporting period that provide additional information about the Ziegler Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the financial statements when material.

**4. CRITICAL JUDGMENTS AND KEY ESTIMATES****Critical judgement in applying accounting policies**

In the process of applying the accounting policies, the directors have made the following judgement that has the most significant effect on the amounts recognised in the financial information apart from those involving estimations, which are dealt with below.

**Key sources of estimation uncertainty**

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

**(a) Depreciation for property, plant and equipment and amortisation for intangible assets**

The Ziegler Group determines the estimated useful lives, residual values and related depreciation or amortisation charges for the Ziegler Group's property, plant and equipment or intangible assets. This estimate is made based on the historical experience of the actual useful lives and residual values of property, plant and equipment and intangible assets of similar nature and functions. The Ziegler Group will revise the depreciation or amortisation charge where useful lives and residual values are different from those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

**(b) Fair value measurement and valuation processes**

The Ziegler Group's assets and liabilities have been measured at fair value for financial reporting purposes because of business combination. In estimating the fair value of an asset or a liability, management used market-observable data to the extent it is available. Where those inputs are not available, management engaged third party qualified valuers to perform the valuation.

## (c) Impairment loss for bad and doubtful debts

The Ziegler Group makes impairment loss for bad and doubtful debts based on assessment performed on the recoverability of the trade and other receivables, including the current creditworthiness and the past collection history of each debtor. Impairment arises where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgment and estimates. Where the actual result is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and doubtful debt expenses in the year in which such estimate has been changed.

## (d) Allowance for obsolete and slow-moving inventories

Allowance for obsolete and slow-moving inventories is made based on the aging and estimated net realisable value of inventories. The assessment of the allowance amount involves judgment and estimates. Where the actual outcome in future is different from the original estimate, such difference will impact the carrying value of inventories and allowance charge/write-back in the period in which such estimate has been changed.

## (e) Income taxes and deferred tax

The Ziegler Group is subject to income taxes in several jurisdictions. Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

In addition, deferred tax assets relating to tax losses are recognised when management considers to be probable that future taxable profit will be available against which the tax losses can be utilised. The outcome of their actual utilisation may be different. Where the actual utilisation of the tax loss is different from original estimate, such difference will impact the carrying amount of relevant deferred tax assets.

## (f) Other provision

The estimation of warranty provision is based on the past experience. Where the actual outcome in future is different from the original estimate, such difference will impact the carrying value of provision.

**APPENDIX IIA ACCOUNTANT'S REPORT OF THE ZIEGLER GROUP**

**5. FINANCIAL RISK MANAGEMENT**

The Ziegler Group's activities expose it to a variety of financial risks: foreign currency risk, credit risk, liquidity risk and interest rate risk. The Ziegler Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Ziegler Group's financial performance.

**(a) Foreign currency risk**

The Ziegler Group is exposed to currency risk primarily through sales and purchases which give rise to receivables, payables and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate.

The carrying amounts of the Ziegler Group's monetary assets and monetary liabilities denominated in the currencies other than Euro at 31 December 2013 and 31 October 2014 are as follows:

The Ziegler Group	United States	Danish	Hrvatska	Czech Republic	Chinese	Total
	dollars	Krones	Kuna	Koruna	Renminbi	
	("USD")	("DKK")	("HRK")	("CZK")	("RMB")	
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	
31 December 2013						
Cash and cash equivalents	-	-	29	490	-	519
Trade and other receivables	-	-	550	46	-	596
Trade and other payables	(16)	-	(349)	(103)	-	(468)
Bank borrowings	-	-	(1,320)	-	-	(1,320)
	(16)	-	(1,090)	433	-	(673)
	<i>USD</i>	<i>DKK</i>	<i>HRK</i>	<i>CZK</i>	<i>RMB</i>	<i>Total</i>
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	
31 October 2014						
Cash and cash equivalents	-	-	133	553	12	698
Trade and other receivables	-	2	765	90	-	857
Trade and other payables	(65)	-	(317)	(23)	-	(405)
Bank borrowings	-	-	(67)	-	-	(67)
	(65)	2	514	620	12	1,083

The Ziegler Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Ziegler Group monitors its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

The foreign currency risk that the Ziegler Group and Ziegler are exposed to was assessed to be immaterial.

## APPENDIX IIA ACCOUNTANT'S REPORT OF THE ZIEGLER GROUP

(b) Credit risk

The Ziegler Group's credit risk is primarily attributable to its trade receivables, deposits and other receivables, bank and cash balances and pledged bank deposits. The Ziegler Group's maximum exposure to credit risk in the event that counterparties fail to perform their obligations at 31 December 2013 and 31 October 2014 in relation to each class of recognised financial assets is the carrying amounts of those assets as stated in the consolidated statement of financial position. In order to minimise credit risk, credit limits and credit terms granted to customers should be approved by delegated officers and follow-up action is taken to recover overdue debts. In addition, the recoverable amount of each individual trade debt at the end of each reporting period is reviewed to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the Directors consider that the Ziegler Group's credit risk exposure is significantly reduced.

The credit risk on bank and cash balances is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The Ziegler Group has, regarding the domestic business, no significant concentrations of credit risk on trade receivables. Furthermore, the domestic customers are almost exclusively communities, public institutions and government agencies for which the risk of default is very low.

Regarding foreign business there are often large orders from single customers. To minimize the default risk, trade receivables are secured by letter of credits.

(c) Liquidity risk

The Ziegler Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The following table details the remaining contractual maturities at the balance sheet date of the Ziegler Group's and Ziegler's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the balance sheet date) and the earliest date the Ziegler Group can be required to pay:

The Ziegler Group	Contractual undiscounted cash flow				
	Within 1 year of on demand	1 to 5 years	5 years above	Total	Carrying amount
At 31 December 2013	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Trade and other payables	20,036	–	–	20,036	20,036
Bank borrowings	6,024	–	–	6,024	5,915
Amounts due to related parties	29,703	–	–	29,703	28,797
	<u>55,763</u>	<u>–</u>	<u>–</u>	<u>55,763</u>	<u>54,748</u>
At 31 October 2014					
Trade and other payables	19,228	393	–	19,621	19,603
Bank borrowings	18,552	26	–	18,578	18,151
Amounts due to related parties	45,376	–	–	45,376	45,178
	<u>83,156</u>	<u>419</u>	<u>–</u>	<u>83,575</u>	<u>82,932</u>



**APPENDIX IIA ACCOUNTANT'S REPORT OF THE ZIEGLER GROUP**

Ziegler	Contractual undiscounted cash flow				Carrying amount EUR'000
	Within 1	1 to 5 years	5 years above	Total	
	year of on demand				
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
At 31 December 2013					
Trade and other payables	8,118	–	–	8,118	8,118
Amounts due to related parties	29,703	–	–	29,703	28,797
Amounts due to subsidiaries	255	–	–	255	255
	<u>38,076</u>	<u>–</u>	<u>–</u>	<u>38,076</u>	<u>37,170</u>
At 31 October 2014					
Trade and other payables	10,471	199	–	10,670	10,652
Bank borrowings	12,526	–	–	12,526	12,220
Amounts due to related parties	44,408	–	–	44,408	44,228
Amounts due to subsidiaries	7,250	–	–	7,250	7,250
	<u>74,655</u>	<u>199</u>	<u>–</u>	<u>74,854</u>	<u>74,350</u>

(d) Interest rate risk

The Ziegler Group's cash flow interest rate risk relates primarily to variable-rate bank borrowings, due from related parties and cash and cash equivalents. The Ziegler Group currently does not have policy on cash flow hedges of interest rate risk. However, management monitors interest rate exposure and will consider hedging significant interest rate risk should the need arise.

The Ziegler Group's sensitivity to interest rate risk has been determined based on the exposure to interest rates for the variable-rate bank borrowings at the end of the reporting period and the reasonably possible change taking place at the beginning of each period and held constant throughout the respective periods.

The Ziegler Group	From 14	Ten months
	August 2013	ended
	(date of	31 October
	incorporation) to	2014
	31 December	
	2013	
Reasonably possible change in interest rate	50 basis points	50 basis points
	EUR'000	EUR'000
(Decrease)/increase in profit for the period		
- as a result of increase in interest rate	(51)	(187)
- as a result of decrease in interest rate	51	187

	From 14 August 2013 (date of incorporation) to 31 December 2013	Ten months ended 31 October 2014
Ziegler		
Reasonably possible change in interest rate	50 basis points EUR'000	50 basis points EUR'000
(Decrease)/Increase in profit for the period		
– as a result of increase in interest rate	(43)	(167)
– as a result of decrease in interest rate	43	167
<b>(e) Categories of financial instruments</b>		
<b>The Ziegler Group</b>	<b>31 December 2013 EUR'000</b>	<b>31 October 2014 EUR'000</b>
Financial assets:		
Loan and receivables (including pledged bank deposits and cash and cash equivalents)	<u>30,745</u>	<u>30,803</u>
Financial liabilities:		
Financial liabilities at amortised cost	<u>52,616</u>	<u>83,402</u>
<b>Ziegler</b>	<b>31 December 2013 EUR'000</b>	<b>31 October 2014 EUR'000</b>
Financial assets:		
Loan and receivables (including pledged bank deposits and cash and cash equivalents)	<u>13,879</u>	<u>29,446</u>
Financial liabilities:		
Financial liabilities at amortised cost	<u>30,825</u>	<u>72,025</u>

**(f) Fair value**

The carrying amounts of the Ziegler Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

**(g) Capital management**

The Ziegler Group's objectives when managing capital are to safeguard the Ziegler Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Ziegler Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Ziegler Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including "current and non-current borrowings") and amount due from related parties (for financing purpose) as shown in the consolidated balance sheet less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated statements of financial position plus net debt.

## APPENDIX IIA ACCOUNTANT'S REPORT OF THE ZIEGLER GROUP

The Ziegler Group's strategy, which was unchanged since set up, was to maintain the gearing ratio below 70%. The gearing ratios at 31 December 2013 and 31 October 2014 were as follows:

	31 December 2013 <i>EUR'000</i>	31 October 2014 <i>EUR'000</i>
Total borrowings	34,712	63,181
Less: cash and cash equivalents	9,508	2,747
	25,204	60,434
Net debt	25,204	60,434
Total equity	36,506	31,329
	61,710	91,763
Total capital	61,710	91,763
	41%	66%
Gearing ratio	41%	66%

### 6. REVENUE

Revenue represents the aggregate of the sale proceeds of goods sold and the income derived from maintenance services rendered during the period less discounts and sales related tax. All service and products generated in Germany by a business entity are subject to value-added tax, which is collected for the customers. An analysis of revenue, net of discounts and value-added tax, is as follows:

	From 14 August 2013 (date of incorporation) to 31 December 2013 <i>EUR'000</i>	Ten months ended 31 October 2014 <i>EUR'000</i>
Revenue from the provision of mechanical engineering and vehicle construction contracts	11,406	67,011
Trading of products	921	27,168
Income from maintenance and sales of spare parts	278	8,933
Revenue from the sales of fire hoses	139	2,345
Income from other services	67	5,600
	12,811	111,057
Total	12,811	111,057

### 7. OTHER INCOME

	From 14 August 2013 (date of incorporation) to 31 December 2013 <i>EUR'000</i>	Ten months ended 31 October 2014 <i>EUR'000</i>
Interest income	3	4
Income from damage compensation	–	241
Income from sales of materials and valuable scrap	2	115
Rental income from machinery	1	41
Others	23	359
	29	760
Total	29	760

## APPENDIX IIA ACCOUNTANT'S REPORT OF THE ZIEGLER GROUP

### 8. SEGMENT INFORMATION

#### (a) Reportable segments

The Ziegler Group determines its operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions. The Ziegler Group principally operates in one business segment, which is the manufacture and sales of fire trucks and firefighting components.

#### (b) Geographical information

	Revenue		Non-current assets	
	From 14 August 2013 (date of incorporation) to 31 December 2013 <i>EUR'000</i>	Ten months ended 31 October 2014 <i>EUR'000</i>	31 December 2013 <i>EUR'000</i>	31 October 2014 <i>EUR'000</i>
Germany	9,077	64,087	25,719	27,628
The Netherlands	1,219	16,271	3,279	3,193
Croatia	64	1,398	836	868
Italy	299	6,607	19	2
Turkey	–	4,942	–	–
China	–	2,336	–	33
Hong Kong	–	2,017	–	–
Malaysia	–	3,197	–	–
Others	2,152	10,202	20	17
<b>Total</b>	<b>12,811</b>	<b>111,057</b>	<b>29,873</b>	<b>31,741</b>

#### (c) Revenue from major customers:

None of the customers contributed more than 10% of the Ziegler Group's total revenue for the ten months ended 31 October 2014. In the period from 14 August 2013 to 31 December 2013, one governmental customer contributed 34% of the Ziegler Group's total revenue.

### 9. OTHER GAIN/(LOSSES), NET

	From 14 August 2013 (date of incorporation) to 31 December 2013 <i>EUR'000</i>	Ten months ended 31 October 2014 <i>EUR'000</i>
Gain from bargain purchase in a business combination ( <i>note 33</i> )	7,465	–
Allowance for bad and doubtful debts	(212)	(42)
Impairment provision for inventories	–	(125)
Others	(104)	(173)
	<b>7,149</b>	<b>(340)</b>

**APPENDIX IIA ACCOUNTANT'S REPORT OF THE ZIEGLER GROUP**

**10. FINANCE COSTS**

	From 14 August 2013 (date of incorporation) to 31 December 2013 <i>EUR'000</i>	Ten months ended 31 October 2014 <i>EUR'000</i>
Interests on bank borrowings	13	240
Interests on borrowings from related parties	47	732
Others	33	104
	<u>93</u>	<u>1,076</u>

**11. INCOME TAX CREDIT**

The Hong Kong profits tax rate is 16.5% for the periods from 14 August 2014 (date of incorporation) to 31 December 2013 and for ten months ended 31 October 2014. The Ziegler Group is not subject to any Hong Kong profits tax as it had no assessable income arising in or derived from Hong Kong during the period reported.

Taxation in the consolidated statements of comprehensive income represents:

	From 14 August 2013 (date of incorporation) to 31 December 2013 <i>EUR'000</i>	Ten months ended 31 October 2014 <i>EUR'000</i>
Current tax	69	173
Deferred income tax		
– Origination and reversal of temporary differences	(254)	(2,729)
	<u>(185)</u>	<u>(2,556)</u>

## APPENDIX IIA ACCOUNTANT'S REPORT OF THE ZIEGLER GROUP

The reconciliation between the income tax credit and accounting profit or loss at applicable tax rates is as follows:

	From 14 August 2013 (date of incorporation) to 31 December 2013 <i>EUR'000</i>	Ten months ended 31 October 2014 <i>EUR'000</i>
Profit/(loss) before taxation	6,217	(11,112)
Tax calculated at domestic tax rates applicable to profits in the respective countries	1,784	(3,126)
Tax effects of:		
Expenses not deductible for tax purpose	–	10
Income not subject to tax	(1,630)	(14)
Deductible temporary differences for which no deferred income tax assets was recognised	(219)	–
Others	(120)	574
	(185)	(2,556)
	(185)	(2,556)

The weighted average applicable tax rate was 29% and 28% for the period from 14 August 2013 (date of incorporation) to 31 December 2013 and for ten months ended 31 October 2014, respectively. The decrease is mainly caused by a change in profitability of the Ziegler Group's subsidiaries in the respective countries.

### 12. EXPENSE BY NATURE

The Ziegler Group's profit/loss for the Relevant Periods is stated after charging/(crediting) the following:

	From 14 August 2013 (date of incorporation) to 31 December 2013 <i>EUR'000</i>	Ten months ended 31 October 2014 <i>EUR'000</i>
Changes in inventories of finished goods and work in progress	5,195	(2,687)
Raw material and consumables used	5,500	74,238
Depreciation, amortisation and impairment charges	191	2,208
Auditors' remuneration		
– Audit services	151	136
– Non-audit services	–	112
Rental expenses	98	1,521
Repairs and maintenance	142	1,283
Commissions	153	890
Transportation expenses	26	866
Advertising costs	14	570
Staff costs (including director's emoluments)	1,158	36,626
Other expenses	481	5,606
Other taxes	570	144
	13,679	121,513
Total cost of sales, selling and distribution costs and administrative expenses	13,679	121,513

## APPENDIX IIA ACCOUNTANT'S REPORT OF THE ZIEGLER GROUP

### 13. DIRECTORS' EMOLUMENTS

No director's emoluments occurred in the period from 14 August 2013 (date of incorporation) to 31 December 2013.

Name of director	For the ten months ended 31 October 2014				
	Fees	Salaries and other benefits	Discretionary bonus	Retirement benefit scheme contributions	Total
	<i>EUR'000</i>	<i>EUR'000</i>	<i>EUR'000</i>	<i>EUR'000</i>	<i>EUR'000</i>
Dr. Yinhui Li (i)	–	19	–	2	21
Julia Vieth (ii)	–	–	–	–	–
Sanqiang Wu (iii)	–	–	–	–	–
Mr. Luan (i)	–	–	–	–	–
	–	19	–	2	21
	–	19	–	2	21

Dr. Yinhui Li was appointed as executive director on 16 December 2013.

- (i) Subsequent to 31 October 2014, Dr. Yinhui Li resigned as an executive director on 4 November 2014. On the same day, Mr. Luan was appointed as an executive director of Ziegler.
- (ii) Julia Vieth was appointed as an executive director of Ziegler on 14 August 2013 and resigned on 5 November 2013.
- (iii) Sanqiang Wu was appointed as an executive director on 5 November 2013 and resigned on 3 March 2014.

During the Relevant Periods, no emoluments were paid by the Ziegler Group to any of the directors as an inducement to join or upon joining the Ziegler Group or as compensation for loss of office and there was no arrangement under which a director waived or agreed to waive any emoluments.

### 14. FIVE HIGHEST PAID INDIVIDUALS

The emoluments payable to the five individuals during the Relevant Periods are as follows:

	From 14 August 2013 (date of incorporation) to 31 December 2013	Ten months ended 31 October 2014
	<i>EUR'000</i>	<i>EUR'000</i>
Fees	30	791
Discretionary bonus	–	10
Salaries and other benefits	23	535
Retirement benefit scheme contributions	1	28
	54	1,364
	54	1,364

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**APPENDIX IIA ACCOUNTANT'S REPORT OF THE ZIEGLER GROUP**

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The emoluments fell within the following bands:

	Number of Individuals	
	From 14 August 2013 (date of incorporation) to 31 December 2013	Ten months ended 31 October 2014
Nil to HKD 500,000 (Euro 51,051)	5	–
HKD 1,000,001 (Euro 102,103) to HKD 1,500,000 (Euro 153,153)	–	1
HKD 1,500,001 (Euro 153,154) to HKD 2,000,000 (Euro 204,205)	–	1
HKD 2,500,001 (Euro 255,257) to HKD 3,000,000 (Euro 306,307)	–	1
HKD 3,000,001 (Euro 306,308) to HKD 3,500,000 (Euro 307,358)	–	1
HKD 4,500,001 (Euro 459,461) to HKD 5,000,000 (Euro 510,511)	–	1
	<u>5</u>	<u>5</u>

During the Relevant Periods, no emoluments were paid by the Ziegler Group to the five highest paid individuals as an inducement to join or upon joining the Ziegler Group or as compensation for loss of offices.

**15. DIVIDENDS**

No dividends were declared during the Relevant Periods.



**APPENDIX IIA ACCOUNTANT'S REPORT OF THE ZIEGLER GROUP**

**16. PROPERTY, PLANT AND EQUIPMENT**

The Ziegler Group

	Freehold lands and buildings EUR'000	Machinery EUR'000	Equipment EUR'000	Total EUR'000
<b>Cost:</b>				
At 14 August 2013	–	–	–	–
Business combination	21,108	2,920	4,376	28,404
At 31 December 2013	21,108	2,920	4,376	28,404
Additions	41	722	404	1,167
Disposals	–	–	(132)	(132)
Currency translation differences	(2)	(2)	(1)	(5)
At 31 October 2014	21,147	3,640	4,647	29,434
<b>Accumulated depreciation:</b>				
At 14 August 2013	–	–	–	–
Business combination	(3,324)	(1,649)	(2,324)	(7,297)
Charge for the period	(50)	(36)	(43)	(129)
At 31 December 2013	(3,374)	(1,685)	(2,367)	(7,426)
Charge for the period	(584)	(513)	(473)	(1,570)
Disposals	–	–	22	22
Currency translation differences	–	1	1	2
At 31 October 2014	(3,958)	(2,197)	(2,817)	(8,972)
<b>Net book value:</b>				
At 31 October 2014	17,189	1,443	1,830	20,462
At 31 December 2013	17,734	1,235	2,009	20,978

All freehold lands are located in Europe.

Freehold lands and buildings with a carrying amount of Euro4,491,000 and Euro4,277,000 had been pledged for banks for borrowings as of 31 December 2013 and 31 October 2014, respectively.

The Ziegler Group charged depreciation expense of Euro86,000 and Euro924,000 in 'cost of sales', Euro15,000 and Euro143,000 in 'selling and distribution costs', Euro28,000 and Euro503,000 in 'administrative expenses' for the period from 14 August 2013 (date of incorporation) to 31 December 2013 and for the ten months ended 31 October 2014, respectively.

**APPENDIX IIA ACCOUNTANT'S REPORT OF THE ZIEGLER GROUP**

Ziegler	Freehold lands and buildings EUR'000	Machinery EUR'000	Equipment EUR'000	Total EUR'000
<b>Cost:</b>				
At 14 August 2013	–	–	–	–
Business combination	12,500	866	1,344	14,710
At 31 December 2013	12,500	866	1,344	14,710
Additions	–	485	249	734
Disposals	–	–	(15)	(15)
At 31 October 2014	12,500	1,351	1,578	15,429
<b>Accumulated depreciation:</b>				
At 14 August 2013	–	–	–	–
Charge for the period	(35)	(34)	(25)	(94)
At 31 December 2013	(35)	(34)	(25)	(94)
Charge for the period	(350)	(368)	(286)	(1,004)
Disposals	–	–	14	14
At 31 October 2014	(385)	(402)	(297)	(1,084)
<b>Net book value:</b>				
At 31 October 2014	12,115	949	1,281	14,345
At 31 December 2013	12,465	832	1,319	14,616

All freehold lands are located in Europe.

Ziegler charged depreciation expense of Euro62,000 and Euro665,000 in 'cost of sales', Euro11,000 and Euro119,000 in 'selling and distribution costs', Euro21,000 and Euro220,000 in 'administrative expenses' for the period from 14 August 2013 (date of incorporation) to 31 December 2013 and for the ten months ended 31 October 2014, respectively.

**APPENDIX IIA ACCOUNTANT'S REPORT OF THE ZIEGLER GROUP**

**17. INTANGIBLE ASSETS**

**The Ziegler Group**

	<b>Trademark</b>	<b>Technology</b>	<b>Order</b>	<b>Development</b>	<b>Total</b>
	<i>EUR '000</i>	<i>EUR '000</i>	<i>backlogs</i>	<i>Software</i>	<i>Costs</i>
	<i>EUR '000</i>	<i>EUR '000</i>	<i>EUR '000</i>	<i>EUR '000</i>	<i>EUR '000</i>
<b>Cost:</b>					
At 14 August 2013	–	–	–	–	–
Business combination	6,062	1,844	343	114	45
	<u>6,062</u>	<u>1,844</u>	<u>343</u>	<u>114</u>	<u>45</u>
At 31 December 2013	6,062	1,844	343	114	45
Additions	–	–	–	191	46
	<u>–</u>	<u>–</u>	<u>–</u>	<u>191</u>	<u>46</u>
At 31 October 2014	6,062	1,844	343	305	91
	<u>6,062</u>	<u>1,844</u>	<u>343</u>	<u>305</u>	<u>91</u>
<b>Accumulated</b>					
<b>amortisation:</b>					
At 14 August 2013	–	–	–	–	–
Charge for the period	–	(26)	(29)	(7)	–
	<u>–</u>	<u>(26)</u>	<u>(29)</u>	<u>(7)</u>	<u>–</u>
At 31 December 2013	–	(26)	(29)	(7)	–
Charge for the period	–	(256)	(285)	(68)	(29)
	<u>–</u>	<u>(256)</u>	<u>(285)</u>	<u>(68)</u>	<u>(29)</u>
At 31 October 2014	–	(282)	(314)	(75)	(29)
	<u>–</u>	<u>(282)</u>	<u>(314)</u>	<u>(75)</u>	<u>(29)</u>
<b>Net book value:</b>					
At 31 October 2014	6,062	1,562	29	230	62
	<u>6,062</u>	<u>1,562</u>	<u>29</u>	<u>230</u>	<u>62</u>
At 31 December 2013	6,062	1,818	314	107	45
	<u>6,062</u>	<u>1,818</u>	<u>314</u>	<u>107</u>	<u>45</u>

The Ziegler Group has charged amortisation expense of Euro41,000 and Euro324,000 in 'cost of sales', Euro7,000 and Euro64,000 in 'selling and distribution costs', Euro14,000 and Euro250,000 in 'administrative expenses' for the period from 14 August 2013 (date of incorporation) to 31 December 2013 and for the ten months ended 31 October 2014, respectively.

**APPENDIX IIA ACCOUNTANT'S REPORT OF THE ZIEGLER GROUP**

**Ziegler**

	<b>Trademark</b> <i>EUR'000</i>	<b>Technology</b> <i>EUR'000</i>	<b>Order backlogs</b> <i>EUR'000</i>	<b>Software</b> <i>EUR'000</i>	<b>Total</b> <i>EUR'000</i>
<b>Cost:</b>					
At 14 August 2013	-	-	-	-	-
Business combination	6,062	1,844	194	38	8,138
At 31 December 2013	6,062	1,844	194	38	8,138
Additions	-	-	-	191	191
At 31 October 2014	6,062	1,844	194	229	8,329
<b>Accumulated amortisation:</b>					
At 14 August 2013	-	-	-	-	-
Charge for the period	-	(26)	(15)	(1)	(42)
At 31 December 2013	-	(26)	(15)	(1)	(42)
Charge for the period	-	(256)	(162)	(23)	(441)
At 31 October 2014	-	(282)	(177)	(24)	(483)
<b>Net book value:</b>					
At 31 October 2014	<u>6,062</u>	<u>1,562</u>	<u>17</u>	<u>205</u>	<u>7,846</u>
At 31 December 2013	<u>6,062</u>	<u>1,818</u>	<u>179</u>	<u>37</u>	<u>8,096</u>

Ziegler has charged amortisation expenses of Euro28,000 and Euro292,000 in 'cost of sales', Euro5,000 and Euro 52,000 in 'selling and distribution costs', Euro9,000 and Euro97,000 in 'administrative expenses' for the period from 14 August 2013 (date of incorporation) to 31 December 2013 and for the ten months ended 31 October 2014, respectively.

**18. INVESTMENTS IN SUBSIDIARIES – ZIEGLER**

The amount represents investments in equity interests in subsidiaries of Ziegler.

Details are as follows:

	<b>31 December 2013</b> <i>EUR'000</i>	<b>31 October 2014</b> <i>EUR'000</i>
Investments in subsidiaries:		
– Unlisted investments, at cost	<u>10,238</u>	<u>10,463</u>

Please refer to Note 1 for the principal subsidiaries of Ziegler as at 31 October 2014.

The Ziegler Group has no subsidiary that has material non-controlling interests ("NCF") to the Ziegler Group.

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**19. INVENTORIES**

	<b>The Ziegler Group</b>	
	<b>31 December 2013</b>	<b>31 October 2014</b>
	<i>EUR'000</i>	<i>EUR'000</i>
Raw materials	16,487	19,706
Work in progress	11,853	24,115
Finished goods and merchandise	11,043	18,679
	<u>39,383</u>	<u>62,500</u>
<b>Total inventories</b>	<b><u>39,383</u></b>	<b><u>62,500</u></b>
	<b>Ziegler</b>	
	<b>31 December 2013</b>	<b>31 October 2014</b>
	<i>EUR'000</i>	<i>EUR'000</i>
Raw materials	11,000	12,954
Work in progress	7,392	15,116
Finished goods and merchandise	5,908	12,685
	<u>24,300</u>	<u>40,755</u>
<b>Total inventories</b>	<b><u>24,300</u></b>	<b><u>40,755</u></b>

The inventories are valued at the lower of cost and estimated net realizable value

As of 31 December 2013 and 31 October 2014, inventory amounting to of EUR12,017,000 and EUR12,705,000, respectively, had been pledged for the bank borrowings.

**20. TRADE RECEIVABLES, OTHER RECEIVABLES AND OTHER ASSETS**

	<b>The Ziegler Group</b>	
	<b>31 December 2013</b>	<b>31 October 2014</b>
	<i>EUR'000</i>	<i>EUR'000</i>
Trade receivables	18,469	23,275
Less: Allowance for bad and doubtful debts	(212)	(194)
	<u>18,257</u>	<u>23,081</u>
<b>Trade receivables- net</b>	<b><u>18,257</u></b>	<b><u>23,081</u></b>
Prepayments	284	676
Other receivables	1,642	3,477
	<u>20,183</u>	<u>27,234</u>
	<b><u>20,183</u></b>	<b><u>27,234</u></b>

	Ziegler	
	31 December 2013	31 October 2014
	<i>EUR'000</i>	<i>EUR'000</i>
Trade receivables	7,284	13,935
Less: Allowance for bad and doubtful debts	(210)	(210)
	<u>7,074</u>	<u>13,725</u>
Trade receivables- net		
Trade receivables due from subsidiaries	1,827	6,959
Loan to subsidiaries	–	3,712
Prepayments to subsidiaries	–	2,002
Prepayments	–	513
Other receivables	382	2,736
	<u>9,283</u>	<u>29,647</u>

## (a) Trade receivables

Trade receivables of Euro6,783,000 and Euro3,582,000 of the Ziegler Group have been assigned to banks as security for bank borrowings as at 31 December 2013 and 31 October 2014, respectively.

The trade and other receivables denominated in the foreign currencies in addition to Euro of the Ziegler Group were disclosed in Note 5(a).

The credit period granted to customers is ranging from 30 days to 120 days. Before accepting any new customer, the Ziegler Group will assess the credit quality of the potential customer and define appropriate credit limits.

## APPENDIX IIA ACCOUNTANT'S REPORT OF THE ZIEGLER GROUP

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

	The Ziegler Group	
	31 December 2013	31 October 2014
	<i>EUR'000</i>	<i>EUR'000</i>
0 - 90 days	18,249	17,956
91 - 180 days	8	5,044
181 - 360 days	-	2
Over 360 days	-	79
	18,257	23,081
	18,257	23,081
	Ziegler	
	31 December 2013	31 October 2014
	<i>EUR'000</i>	<i>EUR'000</i>
0 - 90 days	7,074	8,706
91 - 180 days	-	5,019
	7,074	13,725
	7,074	13,725

As of 31 December 2013 and 31 October 2014, trade receivables of Euro9,944,000 and Euro9,710,000, respectively, were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The aging analysis of these trade receivables is as follows:

	The Ziegler Group	
	31 December 2013	31 October 2014
	<i>EUR'000</i>	<i>EUR'000</i>
Less than 90 days	9,944	7,042
91 - 180 days	-	2,668
	9,944	9,710
	9,944	9,710

As of 31 December 2013 and 31 October 2014, Ziegler has trade receivables at the amount of Euro1,440,000 and Euro7,118,000 were past due but not impaired. These relate to a number of independent customers of whom there is no recent history of default. The aging analysis of these trade receivables is as follows:

	Ziegler	
	31 December 2013	31 October 2014
	<i>EUR'000</i>	<i>EUR'000</i>
Less than 90 days	1,440	4,450
91 - 180 days	-	2,668
181 - 360 days	-	-
	1,440	7,118
	1,440	7,118

As of 31 December 2013 and 31 October 2014, trade receivables in the amount of Euro472,000 and Euro752,000 were past due and impaired.

## APPENDIX IIA ACCOUNTANT'S REPORT OF THE ZIEGLER GROUP

The following table provides the movement of allowance for bad and doubtful debts:

	<b>The Ziegler Group</b> <i>EUR'000</i>
At 14 August 2013	-
Allowance for the period	212
At 31 December 2013	212
Allowance for the period	42
Amounts written off	(60)
At 31 October 2014	194
	<b>Ziegler</b>
At 14 August 2013	-
Allowance for the period	210
At 31 December 2013 and 31 October 2014	210

Management closely monitors the credit quality of the trade and other receivables and considers the trade and other receivables that were neither past due nor impaired to be recoverable. Based on the payment pattern of the customers of the Ziegler Group, trade and other receivables that were past due but not impaired were generally collectable as there has not been a significant change in credit quality of these customers. Allowance for bad and doubtful debts recognised for the relevant periods were set up against trade receivables for customers who had either been placed under liquidation or they were in severe financial difficulties. Thereby the allowance recognised by Ziegler was for one customer only. The Ziegler Group did not hold any collateral over these balances.

**(b) Trade receivables from subsidiaries**

The aging analysis of Ziegler's trade receivables due from subsidiaries is as follows:

	<b>Ziegler</b>	
	<b>31 December 2013</b>	<b>31 October 2014</b>
	<i>EUR'000</i>	<i>EUR'000</i>
Less than 90 days	1,827	5,003
91 – 180 days	-	1,461
181 – 360 days	-	495
	1,827	6,959

The amounts due from subsidiaries are unsecured and have no fixed terms of repayment.

**(c) Loans to subsidiaries**

All loans to subsidiaries as of 31 October 2014 bear interest at a variable rate of 3-month Euro Interbank Offered Rate ("Euribor") plus 2.5% per annum. The loan agreements are cancellable and can be terminated with three months notice.



## APPENDIX IIA ACCOUNTANT'S REPORT OF THE ZIEGLER GROUP

### 21. PLEDGED BANK DEPOSIT, CASH AND CASH EQUIVALENTS

(a) Pledged bank deposits

Pledged bank deposits were deposited with banks as a security for bank guarantees granted as at 31 December 2013 and 31 October 2014.

(b) Cash and cash equivalents

As at 31 December 2013 and 31 October 2014, there were certain cash and cash equivalents denominated in foreign currencies other than to Euro, details refer to Note 5(a).

### 22. TRADE AND OTHER PAYABLES

	The Ziegler Group	
	31 December 2013	31 October 2014
	<i>EUR'000</i>	<i>EUR'000</i>
Trade payables	9,528	12,917
Accruals	2,580	3,762
Other payables	4,128	1,550
Value added tax, sales tax and other levies	3,789	1,142
Deferred income	11	38
	20,036	19,409
Less: non-current payables	-	(181)
	20,036	19,228
	<b>Ziegler</b>	
	31 December 2013	31 October 2014
	<i>EUR'000</i>	<i>EUR'000</i>
Trade payables	1,046	6,480
Accruals	1,704	2,946
Value added tax, sales tax and other levies	1,790	648
Other payables	3,578	578
	8,118	10,652
Less: trade and other payable – non-current part	-	(181)
	8,118	10,471

Certain trade and other payables of the Ziegler Group were denominated in foreign currencies other than Euro, details were disclosed in Note 5(a).

**APPENDIX IIA ACCOUNTANT'S REPORT OF THE ZIEGLER GROUP**

(a) Trade payables

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

	The Ziegler Group	
	31 December 2013	31 October 2014
	<i>EUR'000</i>	<i>EUR'000</i>
0 – 30 days	5,413	7,638
31 – 60 days	206	1,370
61 – 90 days	199	666
Over 90 days	3,710	3,243
	<u>9,528</u>	<u>12,917</u>
	<u><u>9,528</u></u>	<u><u>12,917</u></u>

  

	Ziegler	
	31 December 2013	31 October 2014
	<i>EUR'000</i>	<i>EUR'000</i>
0 – 30 days	1,046	4,571
31 – 60 days	–	998
61 – 90 days	–	453
Over 90 days	–	458
	<u>1,046</u>	<u>6,480</u>
	<u><u>1,046</u></u>	<u><u>6,480</u></u>

(b) Trade payables to subsidiaries

The aging analysis of amount due to subsidiaries is as follows:

	Ziegler	
	31 December 2013	31 October 2014
	<i>EUR'000</i>	<i>EUR'000</i>
0 – 30 days	255	3,413
31 – 60 days	–	3,837
	<u>255</u>	<u>7,250</u>
	<u><u>255</u></u>	<u><u>7,250</u></u>

## 23. AMOUNTS DUE TO RELATED PARTIES

The amounts due to related parties are unsecured and repayable on demand. A following table provides an overview of the aggregate amount with the corresponding variable interest rates per annum.

The Ziegler Group	Interest bearing amount		Variable interest, repricing period
	31 December 2013 EUR'000	31 October 2014 EUR'000	
CIMC Top Gear B.V. ("Top Gear")	24,400	24,400	3-month Euribor +2.5% per annum, quarterly floating
China International Marine Containers (Hong Kong) Ltd("CIMC HK") (Note (a))	4,350	19,870	The interest rate is between 2.327% per annum and 2.55% per annum. and the repricing period is between 3 months to 9 months
Xinfa Airport Equipment Ltd. ("Xinfa")	–	148	Advanced payment
	28,750	44,418	
Accrued interests on loans	47	760	
	<u>28,797</u>	<u>45,178</u>	

*Note (a):*

Interest rates for the loans from CIMC HK are determined based on the lenders actual finance cost. CIMC HK has the rights to adjust the interest rates in accordance with its actual finance cost according to the respective agreements.

Ziegler	Interest bearing amount		Variable interest, repricing period
	31 December 2013 EUR'000	31 October 2014 EUR'000	
CIMC Top Gear B.V., ("Top Gear")	24,400	24,400	3-month Euribor +2.5% per annum, quarterly floating
China International Marine Containers (Hong Kong) Ltd ("CIMC HK") – loan to Ziegler	4,350	19,070	The interest rate is between 2.327% per annum and 2.55% per annum and the repricing period is between 3 months to 9 months
	28,750	43,470	
Accrued interests on loans	47	758	
	<u>28,797</u>	<u>44,228</u>	

## 24. BANK BORROWINGS

	The Ziegler Group	
	31 December 2013	31 October 2014
	EUR'000	EUR'000
Bank loans, unsecured	-	12,241
Bank loans, secured	5,915	5,910
Total bank borrowings	<u>5,915</u>	<u>18,151</u>
- Current	5,915	18,125
- Non-current	-	26
	Ziegler	
	31 December 2013	31 October 2014
	EUR'000	EUR'000
Bank loans, unsecured	-	11,131
Bank loans, secured	-	1,089
Total bank borrowings	<u>-</u>	<u>12,220</u>

At 31 December 2013 and 31 October 2014, the Ziegler Group's bank borrowings were denominated in functional currencies of the respective group entities. The bank borrowings were denominated in foreign currencies other than Euro, details were disclosed in Note 5(a).

The bank loans were secured by pledge of inventories, trade receivables and freehold lands owned by the Ziegler Group.

The weighted average interest rates for the Relevant Periods are as follows:

	The Ziegler Group	
	From 14 August 2013 (date of incorporation) to 31 December 2013	Ten months ended 31 October 2014
Bank loans	<u>2.42%</u>	<u>2.26%</u>
	Ziegler	
	From 14 August 2013 (date of incorporation) to 31 December 2013	Ten months ended 31 October 2014
Bank loans	<u>-</u>	<u>2.73%</u>

The interest rates for the bank loans outstanding at 31 December 2013 and 31 October 2014, respectively, were arranged at variable interest rate and expose the Ziegler Group to cash flow interest rate risk.

**APPENDIX IIA ACCOUNTANT'S REPORT OF THE ZIEGLER GROUP**

**25. PROVISIONS FOR OTHER LIABILITIES AND CHARGES**

	The Ziegler Group			
	Warranty provision EUR'000 (Note (a))	Employee provisions EUR'000	Other provisions EUR'000	Total EUR'000
Balance 14 August 2013	-	-	-	-
Business combination	954	1,109	266	2,329
Provisions utilised	-	-	-	-
Balance at 31 December 2013	954	1,109	266	2,329
Provision made during the period	685	796	166	1,647
Provisions utilised	(650)	(187)	(227)	(1,064)
Balance at 31 October 2014	<u>989</u>	<u>1,718</u>	<u>205</u>	<u>2,912</u>
	Ziegler			
	Warranty provision EUR'000	Employee provisions EUR'000	Other provisions EUR'000	Total EUR'000
Balance 14 August 2013	-	-	-	-
Business combination	607	796	184	1,587
Provisions utilised	-	-	-	-
Balance at 31 December 2013	607	796	184	1,587
Provision made during the period	211	565	102	878
Provisions utilised	(261)	(48)	(137)	(446)
Balance at 31 October 2014	<u>557</u>	<u>1,313</u>	<u>149</u>	<u>2,019</u>

Note (a):

Under the usual terms of the Ziegler Group's sales agreements, the Ziegler Group has undertaken to rectify any product defects arising within two years from the date of free sale of the products. Provision is therefore made based on the best estimate of the expected costs to be incurred to honour such obligations under these agreements in respect of the sales made within the warranty period prior to the balance sheet date.

**APPENDIX IIA ACCOUNTANT'S REPORT OF THE ZIEGLER GROUP**

**26. DEFERRED INCOME TAX**

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	The Ziegler Group		Ziegler	
	31 December 2013 EUR'000	31 October 2014 EUR'000	31 December 2013 EUR'000	31 October 2014 EUR'000
Deferred tax assets:				
- Deferred tax asset to be recovered after more than 12 months	488	1,541	276	1,147
- Deferred tax asset to be recovered within 12 months	61	1,793	-	1,439
	<u>549</u>	<u>3,334</u>	<u>276</u>	<u>2,586</u>
Deferred tax liabilities:				
- Deferred tax liability to be recovered after more than 12 months	1,937	1,894	996	1,108
- Deferred tax liability to be recovered within 12 months	40	139	15	119
	<u>1,977</u>	<u>2,033</u>	<u>1,011</u>	<u>1,227</u>
Deferred tax assets/(liabilities), net	<u>(1,428)</u>	<u>1,301</u>	<u>(735)</u>	<u>1,359</u>

**APPENDIX IIA ACCOUNTANT'S REPORT OF THE ZIEGLER GROUP**

**The Ziegler Group**

The components of deferred tax (assets)/liabilities recognised in the consolidated statements of financial position and the movements during the period are as follows:

	Tax loss <i>EUR '000</i>	Fair value adjustments arising from business combinations <i>EUR '000</i>	Others <i>EUR '000</i>	Total <i>EUR '000</i>
<b>Deferred tax assets</b>				
At 14 August 2013 (date of incorporation)	-	-	-	-
Credited to profit or loss	383	-	60	443
Additions arising from business combination	-	106	-	106
At 31 December 2013	<u>383</u>	<u>106</u>	<u>60</u>	<u>549</u>
At 1 January 2014	383	106	60	549
Credited to profit or loss	2,348	46	391	2,785
At 31 October 2014	<u>2,731</u>	<u>152</u>	<u>451</u>	<u>3,334</u>
		Fair value adjustments arising from business combinations <i>EUR '000</i>	Others <i>EUR '000</i>	Total <i>EUR '000</i>
<b>Deferred tax liabilities</b>				
At 14 August 2013 (date of incorporation)		-	-	-
Charged to profit or loss		-	189	189
Additions arising from business combination		1,788	-	1,788
At 31 December 2013		<u>1,788</u>	<u>189</u>	<u>1,977</u>
At 1 January 2014		1,788	189	1,977
(Credited)/charged to profit or loss		(92)	148	56
Charged to reserves		-	-	-
At 31 October 2014		<u>1,696</u>	<u>337</u>	<u>2,033</u>

**APPENDIX IIA ACCOUNTANT'S REPORT OF THE ZIEGLER GROUP**

**Ziegler**

The components of deferred tax (assets)/liabilities recognised in the statement of financial position and the movements during the period are as follows:

	Tax loss <i>EUR'000</i>	Fair value adjustments arising from business combinations <i>EUR'000</i>	Others <i>EUR'000</i>	Total <i>EUR'000</i>
<b>Deferred tax assets</b>				
At 14 August 2013 (date of incorporation)	-	-	-	-
Credited to profit or loss	170	-	-	170
Additions arising from business combination	-	106	-	106
At 31 December 2013	<u>170</u>	<u>106</u>	<u>-</u>	<u>276</u>
At 1 January 2014	170	106	-	276
Credited to profit or loss	2,166	46	98	2,310
At 31 October 2014	<u>2,336</u>	<u>152</u>	<u>98</u>	<u>2,586</u>
		Fair value adjustments arising from business combinations <i>EUR'000</i>	Others <i>EUR'000</i>	Total <i>EUR'000</i>
<b>Deferred tax liabilities</b>				
At 14 August 2013 (date of incorporation)		-	-	-
Charged to profit or loss		-	15	15
Additions arising from business combination		996	-	996
At 31 December 2013		<u>996</u>	<u>15</u>	<u>1,011</u>
At 1 January 2014		996	15	1,011
Charged to profit or loss		42	174	216
At 31 October 2014		<u>1,038</u>	<u>189</u>	<u>1,227</u>



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**APPENDIX IIA ACCOUNTANT'S REPORT OF THE ZIEGLER GROUP**

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**Tax losses carried forward**

At 31 December 2013 and 31 October 2014, the Ziegler Group had unused tax losses in the amounts of Euro 1,146,000 and Euro 11,619,000, which were available for offsetting future taxable profits, respectively.

Deferred income tax assets had been recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Ziegler Group did not recognise deferred income tax assets of Euro 3,000 and Euro 656,000 in respect of losses amounting to Euro 12,000 and Euro 2,278,000 as at 31 December 2013 and 31 October 2014, respectively, as it is not probable that such tax losses could be utilised.

The tax rates applicable to the Ziegler Group were 29% and 28% for the period from 14 August 2013 (date of incorporation) to 31 December 2013 and for the ten months ended 31 October 2014, respectively.

**27. SHARE CAPITAL AND RESERVES**

	Ziegler	
	31 December 2013 EUR'000	31 October 2014 EUR'000
Ordinary share capital, issued and paid up	<u>10,025</u>	<u>13,543</u>
Capital reserves	<u>20,000</u>	<u>20,000</u>

The reserves represent additional contributions made by the shareholders at the same time of additional share issuance during the period from 14 August 2013 to 31 December 2013.

**28. RETAINED EARNINGS**

	The Ziegler Group EUR'000	Ziegler EUR'000
At 14 August 2013 (date of incorporation)	-	-
Total comprehensive income for the period	<u>6,403</u>	<u>1,161</u>
At 31 December 2013	<u>6,403</u>	<u>1,161</u>
Total comprehensive loss for the period	<u>(8,715)</u>	<u>(7,933)</u>
At 31 October 2014	<u>(2,312)</u>	<u>(6,772)</u>

**29. CAPITAL COMMITMENTS**

At 31 December 2013 and 31 October 2014, the Ziegler Group's capital commitments on property, plant and equipment are as follows:

	The Ziegler Group	
	31 December 2013 EUR'000	31 October 2014 EUR'000
Contracted for but not provided for	<u>14</u>	<u>85</u>
Authorised but not contracted for	<u>-</u>	<u>134</u>

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**APPENDIX IIA ACCOUNTANT'S REPORT OF THE ZIEGLER GROUP**

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**30. OPERATING LEASE COMMITMENTS**

	The Ziegler Group	
	31 December 2013	31 October 2014
	<i>EUR'000</i>	<i>EUR'000</i>
Within one year	968	541
In the second to fifth year inclusive	478	744
	1,446	1,285
	1,446	1,285

Operating lease payments represent rentals payable by the Ziegler Group for certain of its premises, offices, vehicles and equipment. Length of the leases ranged from six months to four years and rentals are fixed over the lease terms and do not include contingent rentals.

**31. RELATED PARTY TRANSACTIONS**

The Ziegler Group was controlled by CIMC, which owned 100% of the Ziegler Group's equity interest, as at 31 December 2013 and 31 October 2014. CIMC is also the ultimate parent company of Ziegler.

The following companies are related parties of the Ziegler Group that had balance and/or transactions with the Ziegler Group during the Relevant Periods.

Name	Relationship	Transaction type
Top Gear	Immediate parent company of Ziegler	Loan
CIMC HK	Under same control of the ultimate parent company	Loan
Xinfa	Under same control of the ultimate parent company	Sales

The related parties transactions and balance between the Ziegler Group and the above related parties were disclosed in Note 23.

The key management personnel are the directors. The details of remuneration paid and payable to them are set out in note 13.

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**APPENDIX IIA                      ACCOUNTANT'S REPORT OF THE ZIEGLER GROUP**

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**32.      CONTINGENT LIABILITIES**

The Ziegler Group and Ziegler did not have any significant contingent liabilities at 31 December 2013 and 31 October 2014.

**33.      BUSINESS COMBINATION**

As disclosed in Note 1, the Ziegler Group acquired the Acquired Entity Assets from the Entity in the 2013 Acquisition for a cash consideration of Euro 57,404,000 and assumption of liabilities of Euro 3,737,000 on 14 December 2013.

In 2009, certain legal proceedings were initiated by the German anti-trust authority against the Entity. After settlement of the aforesaid legal proceedings which involved payment of substantial penalties the Entity filed for insolvency in 2011, and since then, its business operations and its subsidiaries were maintained by the insolvency administrator. Ziegler acquired the main business of the Entity in the 2013 Acquisition from the administrator.

The 2013 Acquisition was accounted for as business combination.

The following table summarises the consideration paid, the fair value of assets acquired, liabilities assumed and the non-controlling interest at the acquisition date.

<b>Consideration:</b>	
<b>On 14 December, 2013</b>	<i>EUR'000</i>
– Cash	57,404
– Liabilities acquired	3,737
	<hr/>
<b>Total consideration</b>	<b>61,141</b>
	<hr/> <hr/>
<b>Recognised amounts of identifiable assets acquired and liabilities assumed</b>	
Cash at bank and on hand	3,229
Trade receivable	14,411
Other receivables	1,545
Inventories	50,659
Property, plant and equipment	21,107
Intangible assets	8,408
Deferred tax assets	106
Bank borrowings	(7,554)
Accounts payable	(8,810)
Advances from customers	(5,400)
Current tax liabilities	(521)
Other payables and provision	(6,708)
Deferred tax liabilities	(1,788)
	<hr/>
<b>Total identifiable net assets</b>	<b>68,684</b>
	<hr/> <hr/>
Non-controlling interest	78
Gain from bargain purchase in a business combination	7,465

Due to the fact that the Ziegler Group started its business operations with the acquisition of the main assets from the Entity on 14 December 2013, the consolidated financial statements for the period from 14 August 2013 to 31 December 2013 represented the revenue, net profit and cash flow of the acquired business after the acquisition.

Acquisition-related costs of Euro 137,000 had been charged to administrative expenses in the Financial Information.

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**APPENDIX IIA ACCOUNTANT'S REPORT OF THE ZIEGLER GROUP**

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**34. IMMEDIATE AND ULTIMATE CONTROLLING PARTY**

As at 31 December 2013 and 31 October 2014, the immediate parent of Ziegler is Top Gear, which was incorporated in Pijnacker, the Netherlands. This entity does not produce financial statements available for public use.

As at 31 December 2013 and 31 October 2014, the ultimate controlling party of Ziegler is CIMC, which was incorporated in the People's Republic of China. CIMC produces financial statements in accordance with China Accounting Standards available for public use.

**35. SUBSEQUENT EVENTS****(a) Acquisition of shares in P.T. Ziegler Indonesia**

In December 2014, Ziegler completed an acquisition of 92.25% of the shares of P.T. Ziegler Indonesia ("Ziegler Indonesia") for a consideration of Euro 1,490,000 pursuant to an asset purchase agreement between the Ziegler Group and the insolvency administrator of the Entity dated 7 November 2013.

The Ziegler Group has not yet completed the purchase price allocation for this subsequent business combination as at the date of this report because of time constraints.

**III. ADDITIONAL FINANCIAL INFORMATION OF ZIEGLER INDONESIA**

The statement of financial position of Ziegler Indonesia as at 31 October 2014, and the statements of comprehensive income, changes in equity and cash flow of Ziegler Indonesia for the ten months ended 31 October 2014 were as below:

**(a) STATEMENT OF FINANCIAL POSITION**

	<b>31 October 2014</b> <i>EUR'000</i>
<b>Non-current assets</b>	
Property, plant and equipment	131
<b>Total non-current assets</b>	131
<b>Current assets</b>	
Inventories	2651
Prepaid taxes	446
Advances and prepayments	940
Trade receivables, net	851
Other receivables and other assets	10
Cash and cash equivalents	294
<b>Total current assets</b>	<u>5,192</u>

**APPENDIX IIA ACCOUNTANT'S REPORT OF THE ZIEGLER GROUP**

31 October 2014  
EUR'000

<b>Current liabilities</b>	
Trade and other payables	421
Current tax liabilities	57
Prepayments from customers	511
Bank borrowings	1,584
Amounts due to related parties	408
Accrued expenses	763
Loan from shareholders	650
Loan from customers	333
	<hr/>
<b>Total current liabilities</b>	<b>4,727</b>
	<hr/>
<b>Net current assets</b>	<b>465</b>
	<hr/>
<b>Total assets less current liabilities</b>	<b>596</b>
	<hr/>
<b>Net Assets</b>	<b>596</b>
	<hr/> <hr/>
<b>Capital and reserve</b>	
Share capital	1,299
Reserve	4
Retained earnings	(707)
	<hr/>
<b>Equity attributable to the owner of the Company</b>	<b>596</b>
	<hr/> <hr/>

(b) STATEMENT OF COMPREHENSIVE INCOME

Ten months  
ended  
31 October  
2014  
EUR'000

Revenue	3,817
Cost of sales	(3,131)
	<hr/>
<b>Gross profit</b>	<b>686</b>
Selling and distribution costs	(156)
General and administrative expenses	(420)
Other expenses	(289)
	<hr/>
<b>Loss before tax</b>	<b>(179)</b>
Income tax credit	-
<b>Loss for the period</b>	<b>(179)</b>
	<hr/> <hr/>

**APPENDIX IIA ACCOUNTANT'S REPORT OF THE ZIEGLER GROUP**

(c) STATEMENT OF CHANGES IN EQUITY

	Share capital EUR'000	Reserves EUR'000	Accumulated losses EUR'000	Total EUR'000
At 1 January 2014	1,299	4	(528)	775
Profit for the period	—	—	(179)	(179)
At 31 October 2014	<u>1,299</u>	<u>4</u>	<u>(707)</u>	<u>596</u>

Statement of cash flow

(d) STATEMENT OF CASH FLOWS

	Ten months ended 31 October 2014 EUR'000
<b>Cash flows from operating activities</b>	
Loss before taxation	(179)
Adjustments for:	
Depreciation of property, plant and equipment	54
Profit on sales of fixed assets	(109)
Increase in inventories	(165)
Decrease in trade and other receivables	1,669
Decrease in provisions for other liabilities and charges	(335)
Decrease in prepayments from customers	(2)
Increase in current tax liabilities	48
Increase in loan from customer	12
Increase in loan from related parties	3
Decrease in trade and other payables	(422)
<b>Cash generated from operations</b>	<u>574</u>
<b>Net cash flows generated from operating activities</b>	<u>574</u>
<b>Cash flows from investing activities</b>	
Purchase of property, plant and equipment	(31)
Sales of fixed asset	112
<b>Net cash flows generated from investing activities</b>	<u>81</u>
<b>Cash flows from financing activities</b>	
Proceeds from new bank loans	193
Repayment of bank loans	(615)
Increase in amount due to related parties	(57)
<b>Net cash flows used in financing activities</b>	<u>(479)</u>
<b>Net increase in cash and cash equivalents</b>	176
<b>Exchange gains on cash and cash equivalents</b>	18
<b>Cash and cash equivalents at beginning of the period</b>	<u>100</u>
<b>Cash and cash equivalents at end of the period</b>	<u>294</u>

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**APPENDIX IIA            ACCOUNTANT'S REPORT OF THE ZIEGLER GROUP**

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**IV.    SUBSEQUENT FINANCIAL STATEMENTS**

No audited financial statements have been prepared by Ziegler or any of its subsidiaries in respect of any period subsequent to 31 October 2014 up to the date of this report. No dividend or distribution has been declared or made by Ziegler or any of its subsidiaries in respect of any period subsequent to 31 October 2014.

Yours faithfully,

**PricewaterhouseCoopers**  
*Certified Public Accountants*  
Hong Kong

## Unaudited Aggregated Selected Financial Information

The following is the unaudited aggregated selected financial information of the Headquarter Assets, the Operating Subsidiaries and P.T. Ziegler Indonesia ("Ziegler Indonesia") for the years ended 31 December 2011 and 2012 and for the period from 1 January 2013 to 13 December 2013 and the unaudited aggregated selected financial information of the Ziegler Group and Ziegler Indonesia for the period from 14 December 2013 to 31 December 2013 (together, the "Unaudited Aggregated Selected Financial Information") which has been prepared by the management of Ziegler. The Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, has performed agreed-upon procedures to verify whether the Unaudited Aggregated Selected Financial Information is properly extracted from the accounting ledger of the relevant entities.

	<i>Note</i>	2013 <i>EUR</i>	2012 <i>EUR</i>	2011 <i>EUR</i>
Revenue	3	168,094,483	152,669,293	154,608,850
Cost of sales	4	(151,429,881)	(136,295,237)	(132,877,168)
<b>Gross profit</b>		<b>16,664,602</b>	<b>16,374,056</b>	<b>21,731,682</b>
Other income	5	1,889,626	1,843,810	2,022,017
Selling and distribution expenses		(14,469,501)	(11,139,061)	(12,679,717)
General and administrative expenses		(11,278,621)	(11,277,879)	(23,699,403)
including: one-off items as a result of the insolvency		(2,684,343)	(4,081,061)	(10,323,530)
recurring items		(8,594,278)	(7,196,818)	(13,375,873)
<b>Loss before tax and interest expense (EBIT)</b>		<b>(7,193,894)</b>	<b>(4,199,074)</b>	<b>(12,625,421)</b>
<b>Loss before tax and interest expense (EBIT)</b> <b>without deducting one-off items of administrative</b> <b>expenses</b>		<b>(4,509,551)</b>	<b>(118,013)</b>	<b>(2,301,891)</b>

*Notes:*

- (1) The above Unaudited Aggregated Selected Financial Information of the Headquarter Assets, Ziegler, the Operating Subsidiaries and Ziegler Indonesia (collectively, the "Relevant Business") has been prepared by aggregating income or expenses of the Headquarter Assets, Ziegler, the Operating Subsidiaries and Ziegler Indonesia for relevant periods. Inter-company transactions and recognised gains/losses on transactions between the companies comprising the Relevant Business are eliminated on aggregation. No assumption is used in preparing the Unaudited Aggregated Selected Financial Information as such financial information is prepared based on the historical financial information of Relevant Business during the relevant periods.
- (2) The financial information of the Relevant Business is prepared on a basis consistent with the accounting policies normally adopted by the Group as set out in the Company's audited consolidated financial statements for the year ended 31 December 2014.



**APPENDIX IIB      ADDITIONAL FINANCIAL INFORMATION OF THE ZIEGLER GROUP**

(3)	<b>Revenue</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
		<i>EUR</i>	<i>EUR</i>	<i>EUR</i>
	Revenue from the provision of mechanical engineering and vehicle construction contracts	137,159,246	115,161,000	110,347,000
	Trading of products	28,208,484	30,438,000	36,408,000
	Revenue from the sales of fire hoses	2,002,758	3,608,000	3,598,000
	Income from other services	723,995	3,462,293	4,255,850
	<b>Total</b>	<b>168,094,483</b>	<b>152,669,293</b>	<b>154,608,850</b>
(4)	<b>Cost of sales</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
		<i>EUR</i>	<i>EUR</i>	<i>EUR</i>
	Direct material costs	112,723,766	102,767,966	99,742,526
	Direct labour costs	29,391,135	25,359,615	26,815,058
	Direct depreciation and amortisation expenses	1,334,042	1,365,878	1,155,330
	Manufacturing overheads	7,980,938	6,801,778	5,164,254
	<b>Total</b>	<b>151,429,881</b>	<b>136,295,237</b>	<b>132,877,168</b>
(5)	<b>Other income</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
		<i>EUR</i>	<i>EUR</i>	<i>EUR</i>
	Rental income	85,019	39,687	58,508
	Others	1,804,607	1,804,123	1,963,509
	<b>Total</b>	<b>1,889,626</b>	<b>1,843,810</b>	<b>2,022,017</b>

Set out below is the management discussion and analysis on the Ziegler Group provided by the Vendor for the period from 14 August 2013 (date of incorporation) to 31 December 2013 and the ten months ended 31 October 2014.

### Introduction

The Ziegler Group is principally engaged in the development, manufacture and sales of a broad range of fire trucks and firefighting components. The product range includes fire trucks, special vehicles, pumps, fire hoses and firefighting equipment of all kinds. In this framework, the Ziegler Group markets a comprehensive range of equipment for firefighting operations, as well as spare-parts and services. The core competencies are manufacturing and sales of vehicles, pumps and hoses for firefighting and emergency response. A wide range of fire fighting vehicles is covered, ranging from standard vehicles and vehicles especially for the needs of industry and government institutions, to large airport crash tenders. The range of products is supplemented by traded firefighting equipment of all kinds. The Ziegler Group operates manufacturing sites located in Europe and sells the products internationally.

The Ziegler Group is one of the world's leading firefighting equipment manufacturers. It's headquarter is located in Giengen, Germany. The Ziegler Group owns six production bases, located in Germany (including one located at the headquarter in Giengen), the Netherlands and Croatia. Also it has five sales and service subsidiaries located in Germany, Italy, Slovenia, the Czech Republic and the PRC.

Ziegler was incorporated on 14 August 2013 in Frankfurt am Main (Germany) as Platin 959 GmbH, renamed to CIMC Ziegler GmbH, then renamed to Albert Ziegler GmbH. The address of its registered office and principal place of business is Memminger Straße 28, 89537 Giengen an der Brenz (Germany).

On 14 August 2013, Ziegler was founded and afterwards on 5 November 2013 acquired by the Vendor. On 7 November 2013, Ziegler acquired the main assets (including shares/investments in subsidiaries) other than cash and receivables of Albert Ziegler GmbH & Co. KG, by entering into an assets purchase agreement with the administrators in bankruptcy of Albert Ziegler GmbH & Co. KG with effect from 14 December 2013.

### Liquidity and financial resources

	As at 31 December 2013 EUR' 000	As at 31 October 2014 EUR' 000
Current assets	70,412	93,979
Current liabilities	61,098	90,910
Total assets	100,285	125,720
Total liabilities	63,779	94,391
Capital and reserves attributable to the owner of Ziegler	36,428	31,231

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**APPENDIX IIC                      MANAGEMENT DISCUSSION AND ANALYSIS ON THE ZIEGLER GROUP**

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As of 31 October 2014, total assets, total liabilities and capital and reserves attributable to the owner of Ziegler amounted to EUR125,720,000, EUR94,391,000 and EUR31,231,000 respectively. In relation to the liquidity and capital structure of the Ziegler Group, the debt ratio (ratio of total liabilities to total assets) and the current ratio (ratio of current assets to current liabilities) were 75.1% and 103.4% respectively.

As of 31 December 2013, total assets, total liabilities and capital and reserves attributable to the owner of Ziegler amounted to EUR100,285,000, EUR63,779,000 and EUR36,428,000 respectively. In relation to the liquidity and capital structure of the Ziegler Group, the debt ratio (ratio of total liabilities to total assets) and the current ratio (ratio of current assets to current liabilities) were 63.6% and 115.2% respectively.

#### Cash flows

	<b>For the period from 14 August to 31 December 2013 EUR' 000</b>	<b>For the ten months ended 31 October 2014 EUR' 000</b>
Net cash flows from operating activities	6,512	(37,606)
Net cash flows from investment activities	(54,175)	(1,294)
Net cash flows from financing activities	57,170	32,135

#### Cash flow from operating activities

The net operating cash flow for the ten months ended 31 October 2014 was highly influenced by the seasonal development of the Ziegler Group which amounted to (EUR37,606,000). The following items mainly caused this result. Inventories were built to a high level in order to make scheduled shipments at year end. This resulted in an increase in inventories of EUR23,117,000. Also, the loss before taxation was EUR11,112,000 for the ten months ended 31 October 2014.

The net operating cash flow for the period from 14 August 2013 to 31 December 2013 was EUR6,512,000. This was mainly attributable to a profit before taxation of EUR6,217,000, reduced by (EUR7,465,000) gain from bargain purchase from business combinations and a positive impact through reduction of inventories of EUR11,276,000.

#### Cash flows from investment activities

Net cash flow used in investment activities for the ten months ended 31 October 2014 amounted to (EUR1,294,000) mainly consisted of investment in property, plant and equipment of (EUR1,167,000).

For the period from 14 August 2013 to 31 December 2013, the net cash flow used in investing activities was at (EUR54,175,000) which was related to payments concerning business combinations.

**Cash flows from financing activities**

Net cash flows from financing activities for the ten months ended 31 October 2014 amounted to EUR32,135,000. This was mainly related to new bank loans of EUR12,236,000 and increase in amounts due to related parties of EUR16,381,000 which were used to finance the operational business requirements of the Ziegler Group.

For the period from 14 August 2013 to 31 December 2013, the net cash flow from financing activities amounted to EUR57,170,000 which were mainly from contributions from shareholders of EUR20,000,000, proceeds from issuance of shares of EUR10,012,000 and an increase in amounts due to related parties of EUR28,797,000. The net cash generated from financing activities was mainly used for acquiring the assets of Albert Ziegler GmbH & Co KG.

**Capital structure**

**Borrowings**

	As at 31 December 2013 <i>EUR' 000</i>	As at 31 October 2014 <i>EUR' 000</i>
Borrowings from related parties	28,797	45,030
Bank loans, unsecured	–	12,241
Bank loans, secured	5,915	5,910
	<hr/>	<hr/>
Total Borrowings	<u>34,712</u>	<u>63,181</u>

As at 31 October 2014, the Ziegler Group had borrowings of EUR63,181,000 including interest from loans. This mainly consisted of loans from related parties of EUR45,030,000 at variable interest rates. Bank loans amounted to EUR18,151,000 whereof EUR5,910,000 were secured.

At 31 December 2013, the Ziegler Group's borrowings amounted to EUR34,712,000 whereof EUR28,797,000 were due to related parties loans and EUR5,915,000 were secured bank loans. Interest rates were mainly linked to 3-month-Euribor with an average mark-up of 2.5%, except for one loan of EUR4,350,000 which was at a fixed rate of 2.33%.

Funding was principally made by loans from CIMC Group and external bank loans secured by CIMC Group. A financing budget was made on a yearly basis which was approved by CIMC headquarter treasury department including seasonal financing requirements and credit lines. The Ziegler Group controls its treasury activities on a weekly basis (for short term liquidity planning) and on a monthly basis (for mid term liquidity planning). Borrowings were denominated in EUR.

As at 31 October 2014, some bank and cash accounts denominated in foreign currencies (Czech Koruna, Croatian Kuna and Chinese Renminbi) amounting to EUR698,000.

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**APPENDIX IIC      MANAGEMENT DISCUSSION AND ANALYSIS ON THE ZIEGLER GROUP**

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At 31 December 2013, bank and cash accounts denominated in foreign currencies (Czech Koruna and Croatian Kuna) amounting to EUR519,000.

**Capital expenditures**

For the period from 14 August to 31 December 2013 and the ten months ended 31 October 2014, the capital expenditure of the Ziegler Group principally comprised expenditures for the replacement and upgrading of machinery, tools and equipments well as investments in software licenses and other IT infrastructure.

There were no significant investments held in respective periods.

A material acquisition was made on 14 December 2013 when the main assets of Albert Ziegler GmbH & Co KG were acquired. Additionally, in December 2014, the majority shares of Ziegler Indonesia were acquired.

No other material investments or acquisitions are planned for the future periods.

**Contingent liabilities**

The Ziegler Group did not have any significant contingent liabilities as at 31 October 2014 and 31 December 2013 respectively.

**Charges on group assets**

Save as disclosed in the accountant's report of the Ziegler Group as set out in Appendix IIA to this circular, the Ziegler Group did not have any other charges on its assets as at 31 December 2013 and 31 October 2014.

**Segmental information, order book status, material acquisitions and disposals**

The Ziegler Group principally operates in one business segment, which is the manufacture and sale of fire trucks and firefighting equipment. Revenues are recognised from sale of fire trucks, special firefighting vehicles, pumps, fire hoses and firefighting and emergency response equipment of all kinds.

Revenue is measured at the fair value of the consideration received or receivable and is recognised when it is probable that the economic benefits will flow to the Ziegler Group and the amount of revenue can be measured reliably. Revenue excludes value added tax or other sales taxes and is after returns and deduction of any trade discounts.

Revenues from the sales of goods are recognised on the transfer of significant risks and rewards of ownership, which generally coincides with the time when the goods are delivered and the title has passed to the customers.

As the revenue of the Ziegler Group is largely related to municipals, government, industry and infrastructure customers, its revenue shows a continuous development with some minor ups and downs year-on-year. The main factors affecting the Ziegler Group's revenue include the following:

- (i) general industry development especially in gas and oil industry.
- (ii) governmental budgets and available funds, and
- (iii) growth in Asian and Middle East markets.

As of 31 October 2014, order backlog was at EUR120,095,000.

#### **Comparative analysis for the period from 14 August 2013 to 31 December 2013 and the ten months ended 31 October 2014**

For the ten months ended 31 October 2014, revenue amounted to EUR111,057,000, comprising mainly sales to Germany EUR64,087,000, the Netherlands EUR16,271,000, Italy EUR6,607,000 and Turkey EUR4,942,000. For the period from 14 August to 31 December 2013, revenue amounted to EUR12,811,000, comprising mainly sales to Germany EUR9,077,000 and the Netherlands EUR1,219,000. Gross profit for the ten months ended 31 October 2014 was at EUR6,367,000. For the period from 14 August 2013 to 31 December 2013, the gross profit was at EUR287,000.

Total assets as of 31 October 2014 were at EUR125,720,000 which means an increase of 25.36% versus 31 December 2013. This was mainly due to an increase in inventories prepared for scheduled projects which were finalised in November 2014 and December 2014 and an increase in receivables from higher sales in October 2014.

#### **Employees and remuneration policies**

With increasing sales and implementation of group structures in order to gain synergies throughout the Ziegler Group, the number of employees increased. For the period from 14 August 2013 to 31 December 2013, employee benefit expenses amounted to EUR1,158,000. For the period from 1 January 2014 to 31 October 2014, the employee benefit expenses amounted to EUR36,626,000. As of 31 December 2013 and 31 October 2014, the number of employees were 964 and 1,088 respectively. For the period ended 31 December 2013, the Ziegler Group operated only half a month as its operations started on 14 December 2013.

Employee benefit expenses include salaries, pension obligations and other benefit plans. The Ziegler Group is executing different remuneration standards in respect of performance, qualifications, experience and job responsibilities of employees in accordance with relevant laws and regulations of the respective countries where the companies are located.

The Ziegler Group has adopted a salary system that is mainly linked to agreements with the works councils. This system takes into consideration job responsibilities, personal technicality standards and work performance of employees.

### Gearing

The Ziegler Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings) and the amount due to related parties (for financing purpose) as shown in the consolidated statements of financial position less cash and cash equivalents. The total capital is calculated as total equity plus net debt. The gearing ratios as at 31 October 2014 and 31 December 2013 were 66% and 41% respectively.

### Risk factors

#### *Foreign exchange risk*

The Ziegler Group is exposed to currency risk primarily through entities operating in foreign countries and through international sales and purchases. These facts give rise to receivables, payables and cash balances that are denominated in foreign currencies other than Euro.

Foreign currency risk is related to transactions in Czech Koruna, Croatian Kuna, Danish Kroner, Chinese Renminbi and United States dollars.

#### *Interest rate risk*

The Ziegler Group's interest rate risk relates primarily to bank borrowings at variable interest rates and amounts due to related parties. The Ziegler Group currently controls interest rate risk quarterly and monitors interest rate exposure. Hedging will be considered if a significant interest rate risk arises.

**A. UNAUDITED PRO FORMA FINANCIAL INFORMATION**

The following is the unaudited pro forma consolidated statement of financial position of the Group (the "Unaudited Pro Forma Financial Statement") as if the Acquisition had been completed on 31 December 2014. Details of the Acquisition are set out in the letter from the Board contained in this circular.

The Unaudited Pro Forma Financial Statement has been prepared for the purpose of illustrating the effect of Acquisition on the financial position of the Group as if it had been completed on 31 December 2014. Since the completion of the Disposal is a precondition for the Acquisition Completion, the effect of the Disposal has also been taken into account in preparing the Unaudited Pro Forma Financial Statement. Details of the Disposal are set out in the circular of the Company dated 27 March 2015. Because of its hypothetical nature, the Unaudited Pro Forma Financial Statement may not give a true picture of the financial position or results of the Group had the Disposal and Acquisition been completed as of the specified date or any future date.

The Unaudited Pro Forma Financial Statement is based upon the audited consolidated statement of financial position of the Group as at 31 December 2014, which is extracted from the Company's published annual report for the year ended 31 December 2014, and adjusted on a pro forma basis to reflect the effect of the Acquisition and the Disposal. These pro forma adjustments are (i) directly attributable to the Acquisition and the Disposal and not relating to other future events and decisions and (ii) factually supportable based on the terms of the Acquisition Agreement and Disposal Agreement.



UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
As at 31 December 2014

	(Audited)	Proforma adjustments		Pro forma
	The Group			Group
	at 31 December 2014	1	2	
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Non-current assets</b>				
Property, plant and equipment	202,316			202,316
Prepaid land lease payments	34,211			34,211
Goodwill	7,630			7,630
Investments in associates	99		528,583	528,682
	<u>244,256</u>			<u>772,839</u>
<b>Current assets</b>				
Inventories	168,702			168,702
Trade and bills receivables	210,106			210,106
Prepayments, deposits and other receivables	115,441	50,000		165,441
Amounts due from associates	1,083			1,083
prepaid land lease payments	726			726
Pledged bank deposits	8,369			8,369
Bank and cash balances	164,002			164,002
	<u>668,429</u>			<u>718,429</u>
Assets of disposal group held for sale	411,573	(411,573)		-
	<u>1,080,002</u>			<u>718,429</u>
<b>Current liabilities</b>				
Trade and other payables	257,025			257,025
Bank borrowings	100,000			100,000
Current tax liabilities	2,501			2,501
	<u>359,526</u>			<u>359,526</u>

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
(con't)

As at 31 December 2014

	(Audited) The Group at 31 December 2014	Proforma adjustments		Pro forma Group
	RMB'000	1	2	RMB'000
		RMB'000	RMB'000	
Liabilities directly associated with assets of disposal group held for sale	361,573	(361,573)		—
	<u>721,099</u>			<u>359,526</u>
Net current assets	<u>358,903</u>			<u>358,903</u>
Net assets	<u><u>603,159</u></u>			<u><u>1,131,742</u></u>
Capital and reserves				
Share capital	30,168		9,789	39,957
Reserves	<u>518,955</u>		518,794	<u>1,037,749</u>
	549,123			1,077,706
Non-controlling interests	<u>54,036</u>			<u>54,036</u>
Total equity	<u><u>603,159</u></u>			<u><u>1,131,742</u></u>

*Pro forma adjustments:*

1. The adjustment represents the disposal of the Disposal Group and the related consideration receivable as if the Disposal had been completed at 31 December 2014.
2. The adjustment represents the Acquisition of 40% equity interests of Ziegler by the issuance of 1,223,571,430 Consideration Shares as if the Acquisition had been completed at 31 December 2014. Investment in an associate is initially recognised at cost in accordance with HKAS 28 "Investments in Associates and Joint Ventures". For the purpose of this Unaudited Pro Forma Consolidated Statement of Financial Position, the cost of the investment in Ziegler is the closing price of the Shares on 31 December 2014 (HK\$0.54 or equivalent to RMB0.432 per Share) times 1,223,571,430 Consideration Shares to be issued.

**B. ACCOUNTANT'S REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION**

*The following is the text of a report, prepared for the purpose of incorporation in this circular, received from RSM Nelson Wheeler.*



29th Floor  
Caroline Centre  
Lee Gardens Two  
28 Yun Ping Road  
Hong Kong

28 April 2015

The Directors  
China Fire Safety Enterprise Group Limited

Dear Sirs,

We have completed our assurance engagement to report on the compilation of pro forma financial information of China Fire Safety Enterprise Group Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company for illustrative purposes only. The pro forma financial information consists of the pro forma consolidated statement of financial position as at 31 December 2014 (the "Statement") as set out on pages III-2 to III-3 of the Appendix III to the circular of the Company dated 28 April 2015 (the "Circular") issued by the Company. The applicable criteria on the basis of which the directors have compiled the Statement are described on page III-1.

The Statement has been compiled by the directors to illustrate the impact of the proposed acquisition of 40% equity interest in Albert Ziegler GmbH on the Group's financial position as at 31 December 2014 as if the transaction had taken place at 31 December 2014. As part of this process, information about the Group's financial position has been extracted by the directors from the Group's consolidated statement of financial position as included in the annual report for the year ended 31 December 2014.

**Directors' Responsibility for the Pro Forma Financial Information**

The directors are responsible for compiling the Statement in accordance with paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline ("AG") 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

### Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 29(7) of Chapter 4 of the Listing Rules, on the Statement 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 Statement 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 the HKICPA. This standard requires that the reporting accountant comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the directors have compiled the Statement in accordance with paragraph 29 of Chapter 4 of the Listing Rules and with reference to AG 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the HKICPA.

For 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 Statement, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Statement.

The purpose of the Statement included in the Circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the 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 event or transaction at 31 December 2014 would have been as presented.

A reasonable assurance engagement to report on whether the Statement 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 Statement provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

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

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the Group, the event or transaction in respect of which the Statement has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Statement.

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 Statement 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 Statement as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

Yours faithfully,

**RSM Nelson Wheeler**  
Certified Public Accountants  
Hong Kong

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**APPENDIX IV REPORT FROM THE REPORTING ACCOUNTANT OF THE COMPANY**

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*The following is the text of a report received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.*



羅兵咸永道

**INDEPENDENT ASSURANCE REPORT  
TO THE BOARD OF DIRECTORS OF CHINA FIRE SAFETY ENTERPRISE GROUP LIMITED**

We have performed our work on the principal accounting policies adopted and the calculations used in the preparation of unaudited aggregated selected financial information of the Headquarter Assets, the Operating Subsidiaries and P.T. Ziegler Indonesia ("Ziegler Indonesia") for the years ended 31 December 2011 and 2012 and for the period from 1 January 2013 to 13 December 2013 and the unaudited aggregated financial information of the Ziegler Group and Ziegler Indonesia for the period from 14 December 2013 to 31 December 2013 (the "Unaudited Aggregated Selected Financial Information") as set out in the section headed "Unaudited Aggregated Selected Financial Information" in the circular in connection with an acquisition of 40% equity interest in the Ziegler involving the issue of consideration shares and Whitewash Waiver dated 28 April 2015 (the "Circular") of China Fire Safety Enterprise Group Limited (the "Company"). We understand it is required to be reported on under Rule 10 of the Code on Takeovers and Mergers. Unless otherwise defined, terms used herein shall have the same meanings as those defined in the Circular.

**Respective responsibilities of directors and ourselves**

The directors of the Company are solely responsible for preparing the Unaudited Aggregated Selected Financial Information on a basis consistent with the accounting policies adopted by the Company and its subsidiaries (the "Group") as set out in the audited consolidated financial statements of the Company for the year ended 31 December 2014 and in accordance with the basis of preparation set out in Note 1 in the section headed "Unaudited Aggregated Selected Financial Information" in the Circular. This responsibility includes designing, implementing and maintaining internal controls relevant to the selection and application of appropriate accounting policies and the accurate calculations in the preparation of the Unaudited Aggregated Selected Financial Information that is free from material misstatement; applying an appropriate basis of preparation as detailed in the Circular and applying appropriate accounting policies adopted by the Group, as set out in the audited consolidated financial statements of the Company for the year ended 31 December 2014; and making estimates that are reasonable in the circumstances.

It is our responsibility to report, as required by Rule 10 of the Code on Takeovers and Mergers, on whether, so far as the accounting policies and calculations are concerned, the Unaudited Aggregated Selected Financial Information has been properly compiled on a basis consistent, in all material respects, with the accounting policies adopted by the Group, as set out in the audited consolidated financial statements of the Group for the year ended 31 December 2014 and the Unaudited Aggregate Financial Information have been properly compiled on the basis of preparation set out in Note 1 in the section

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*PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong  
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com*

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## APPENDIX IV REPORT FROM THE REPORTING ACCOUNTANT OF THE COMPANY

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headed "Unaudited Aggregated Selected Financial Information" in the Circular, based on our reasonable assurance engagement, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### **Basis of conclusion**

We conducted our work in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" ("HKSAE 3000") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Our work consisted primarily of procedures such as a) obtaining an understanding of the basis of preparation and the principal accounting policies adopted for compiling the Unaudited Aggregated Selected Financial Information through inquires primarily of persons responsible for financial and accounting matters, b) obtaining an understanding of the internal controls relevant to the selection and application of appropriate accounting policies and the accurate calculations in the preparation of the Unaudited Aggregated Selected Financial Information, c) comparing the principal accounting policies adopted in the preparation of the Unaudited Aggregated Selected Financial Information with those set out in the audited consolidated financial statements of the Group for the year ended 31 December 2014, d) checking solely the arithmetical calculations and the compilation of the Unaudited Aggregated Selected Financial Information, and such other procedures that we considered necessary in the circumstances in accordance with HKSAE 3000. Our work would not enable us to, and we do not, provide any assurance on the design or operational effectiveness of internal control relating to preparation of the Unaudited Aggregated Selected Financial Information.

Our reasonable assurance engagement does not constitute an audit or review conducted in accordance with Hong Kong Standards on Auditing or Hong Kong Standards on Review Engagements issued by the HKICPA. Accordingly, we do not express an audit or review opinion on the Unaudited Aggregated Selected Financial Information or the underlying financial information comprising the Headquarter Assets, Ziegler, the Operating Subsidiaries and Ziegler Indonesia.

### **Conclusion**

In our opinion, based on the foregoing, so far as the accounting policies and calculations are concerned, the Unaudited Aggregated Selected Financial Information has been properly compiled on a basis consistent, in all material respects, with the accounting policies adopted by the Group, as set out in the audited consolidated financial statements of the Group for the year ended 31 December 2014 and the Unaudited Aggregated Selected Financial Information has been properly compiled on the basis of preparation set out in Note 1 on the section headed "Unaudited Aggregated Selected Financial Information" in the Circular.

**PricewaterhouseCoopers**  
*Certified Public Accountants*

Hong Kong, 28 April 2015

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**APPENDIX V      REPORT FROM THE FINANCIAL ADVISER OF THE COMPANY**

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*The following is the text of a report from Optima Capital Limited, the financial adviser to the Company, on the Unaudited Aggregated Selected Financial Information which has been prepared for the purpose of inclusion in this circular.*



Suite 1501, 15th Floor  
Jardine House  
1 Connaught Place  
Central  
Hong Kong

28 April 2015

The Board of Directors  
China Fire Safety Enterprise Group Limited  
Units A-B, 16/F  
China Overseas Building  
139 Hennessy Road  
Wan Chai  
Hong Kong

Dear Sirs,

**UNAUDITED AGGREGATED SELECTED FINANCIAL INFORMATION**

We refer to the circular issued by the Company dated 28 April 2015 (the "Circular"), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless otherwise specified.

We refer to the unaudited aggregated selected financial information of the Headquarter Assets, the Operating Subsidiaries and Ziegler Indonesia for the years ended 31 December 2011 and 2012 and for the period from 1 January 2013 to 13 December 2013 and the unaudited aggregated selected financial information of the Ziegler Group and Ziegler Indonesia for the period from 14 December 2013 to 31 December 2013 (together, the "Unaudited Aggregated Selected Financial Information") as set out in Appendix IIB of the Circular. We note that the Unaudited Aggregated Selected Financial Information is regarded as a profit forecast under Rule 10 of the Takeovers Code and is required to be reported on by us, the financial adviser to the Company, pursuant to Rule 10 of the Takeovers Code.

We have discussed with the Directors the bases of preparation of the Unaudited Aggregated Selected Financial Information. We have also considered the report of PricewaterhouseCoopers ("PwC"), the reporting accountant of the Company, as set out in Appendix IV of the Circular. PwC is of the opinion that, so far as the accounting policies and calculations are concerned, the Unaudited Aggregated Selected Financial Information has been properly compiled on a basis consistent, in all material respects, with the accounting policies adopted by the Group as set out in the audited consolidated financial statements of the Group for the year ended 31 December 2014, and the Unaudited Aggregated Selected Financial Information has been properly compiled on the basis of preparation as set out in note 1 of the section headed "Unaudited Aggregated Selected Financial Information" in Appendix IIB of the Circular.



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**APPENDIX V      REPORT FROM THE FINANCIAL ADVISER OF THE COMPANY**

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Based on the above, we are of the opinion that the Unaudited Aggregated Selected Financial Information, for which the Directors are solely responsible, has been made after due and careful consideration.

Yours faithfully,  
for and on behalf of  
**OPTIMA CAPITAL LIMITED**  
Beatrice Lung  
*Managing Director*

**1. RESPONSIBILITY STATEMENT**

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular (other than those relating to the Ziegler Group and the Vendor and parties acting in concert with it) is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this circular (other than those relating to the Ziegler Group and the Vendor and parties acting in concert with it) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this circular (other than those expressed by the directors of the Vendor) 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 misleading.

The directors of the Vendor and the directors of CIMC jointly and severally accept full responsibility for the accuracy of the information contained in this circular (other than those relating to the Group), and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this circular (other than those expressed by the Directors) 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 misleading.

**2. SHARE CAPITAL**

Set out below are the authorised and issued share capital of the Company (a) as at the Latest Practicable Date; and (b) immediately after allotment and issuance of the Consideration Shares (assuming that there is no change in the issued share capital of the Company other than the issue of the Consideration Shares since the Latest Practicable Date up to the date of Acquisition Completion):

(a) *as at the Latest Practicable Date:*

<i>Authorised</i>	<i>HK\$</i>
<u>10,000,000,000 Shares</u>	<u>100,000,000.00</u>
<i>Issued and fully paid</i>	
<u>2,855,000,000 Shares</u>	<u>28,550,000.00</u>

(b) immediately after allotment and issuance of the Consideration Shares:

<i>Authorised</i>	<i>HK\$</i>
<u>10,000,000,000 Shares</u>	<u>100,000,000.00</u>
<i>Issued and fully paid</i>	
2,855,000,000 Shares in issue as at the Latest Practicable Date	28,550,000.00
<u>1,223,571,430 Consideration Shares to be allotted and issued upon Acquisition Completion</u>	<u>12,235,714.30</u>
<u>4,078,571,430 Shares</u>	<u>40,785,714.30</u>

All the issued Shares rank *pari passu* with each other in all respects including the rights in respect of capital, dividends and voting.

The Company had not issued any Shares since 31 December 2014, being the end of the last financial year of the Company, up to the Latest Practicable Date.

As at the Latest Practicable Date, the Company did not have any outstanding warrants, options or securities convertible into Shares.

### 3. MARKET PRICES

The table below shows the closing prices of the Share on the Stock Exchange on (i) the Latest Practicable Date; (ii) 27 February 2015, the Last Trading Day; and (iii) the last trading day of each of the calendar months during the Relevant Period:

Date	Closing price per Share <i>HK\$</i>
29 August 2014	0.38
30 September 2014	0.62
31 October 2014	0.54
28 November 2014	0.61
31 December 2014	0.54
30 January 2015	0.60
26 February 2015, being the last business day immediately preceding the date of the Joint Announcement	0.68
27 February 2015, the Last Trading Day	0.67
31 March 2015	0.56
24 April 2015, being the Latest Practicable Date	0.61

The highest and lowest closing price per Share as quoted on the Stock Exchange during the Relevant Period were HK\$0.75 per Share on 18 November 2014 and HK\$0.36 per Share on 16 October 2014 respectively.

#### 4. DISCLOSURE OF INTERESTS

##### (a) Directors' and chief executive's interests and short positions in the securities of the Company and its associated corporations

As at the Latest Practicable Date, the following Directors or chief executive of the Company had or were deemed to have interests 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 SFO) (i) 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 and short positions which they had taken or were deemed to have taken under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions:

##### *Long positions in the Shares*

Name of Director	Capacity	Number of Shares held	Approximate percentage of shareholding
Mr. Jiang Xiong	Beneficial owner	981,600,000	34.38%
Mr. Jiang Qing	Beneficial owner	7,500,000	0.26%

Save as disclosed above, as at the Latest Practicable Date, so far as was known to the Directors and the chief executive of the Company, no other person had interests 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 SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they had taken or were deemed to have taken under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be recorded in the register referred to therein; or (iii) pursuant to the Model Code for Securities Transactions to be notified to the Company and the Stock Exchange.

(b) **Substantial Shareholders and other person's interests and short position in the Shares, underlying Shares and securities of the Company**

As at the Latest Practicable Date, so far as was known to the Directors and the chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had, or were deemed to have, an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who was, 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 other member of the Group (if any) or had any options in respect of such capital:

*Long positions in the Shares*

Name of Shareholders	Capacity	Number of Shares held	Approximate percentage of shareholding	Note
EH Investment Management Ltd.	Beneficial owner	593,750,000	20.80%	1
Mr. Ngan Lek	Interest of a controlled corporation	593,750,000	20.80%	1
Genius Earn Ltd.	Beneficial owner	200,000,000	7.01%	2
Mr. Liu Xiao Lin	Interest of a controlled corporation	200,000,000	7.01%	2

*Notes:*

1. Mr. Ngan Lek is beneficially interested in the entire share capital of EH Investment Management Ltd. and is deemed or taken to be interested in the 593,750,000 Shares in which EH Investment Management Ltd. has declared an interest for the purpose of the SFO.
2. Mr. Liu Xiao Lin is beneficially interested in the entire share capital of Genius Earn Ltd. and is deemed or taken to be interested in the 200,000,000 Shares in which Genius Earn Ltd. has declared an interest for the purpose of the SFO.

Pursuant to the Acquisition Agreement dated 27 February 2015, subject to the Acquisition Completion, the Company will allot and issue to the Vendor (or its nominee) 1,223,571,430 Consideration Shares, representing approximately 30% of the issued share capital of the Company as enlarged by the allotment and issuance of the Consideration Shares (assuming that there is no change in the issued share capital of the Company other than the issue of the aforementioned Consideration Shares since the Latest Practicable Date up to the date of the Acquisition Completion).

Save as disclosed above, as at the Latest Practicable Date, so far as was known to the Directors and the chief executive of the Company, no other person had interests or short positions in the Shares or underlying Shares of any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were, directly or indirectly, beneficially 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 other member of the Group or in any options in respect of such capital.

## 5. ADDITIONAL DISCLOSURE

- (i) As at the Latest Practicable Date, there was no agreement, arrangement or understanding pursuant to which the Consideration Shares to be issued to the Vendor under the Acquisition Agreement would be transferred, charged or pledged to any other persons.
- (ii) As at the Latest Practicable Date, save as disclosed in the section headed "Shareholding structure of the Company" in the letter from the Board contained in this circular and the paragraph "Disclosure of interests" above in this appendix, none of the Directors, directors of the Vendor, the Vendor and parties acting in concert with it owned or controlled or were interested in any other Shares, convertible securities, warrants, options or derivatives of the Company.
- (iii) Save for the entering into of the Acquisition Agreement, none of the Directors, directors of the Vendor, and the Vendor and parties acting in concert with it had dealt for value in any Shares, convertible securities, warrants, options or derivatives of the Company during the Relevant Period.
- (iv) As at the Latest Practicable Date, none of the Independent Shareholders had irrevocably committed themselves to vote for or against the proposed resolution approving the Acquisition (including the issue of the Consideration Shares) and the Whitewash Waiver.
- (v) As at the Latest Practicable Date, none of the Vendor and parties acting in concert with it had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with any person.
- (vi) None of the Vendor and parties acting in concert with it had borrowed or lent any Shares, convertible securities, warrants, options or derivatives of the Company during the Relevant Period.
- (vii) As at the Latest Practicable Date, no agreement, arrangement or understanding (including any compensation arrangement) existed between the Vendor or parties acting in concert with it and any of the Directors, recent Directors, Shareholders or recent Shareholders having any connection with or dependence upon the Acquisition (including the issue of the Consideration Shares), and/or the Whitewash Waiver.
- (viii) None of the Company and the Directors owned or controlled or were interested in any shares, convertible securities, warrants, options or derivatives of the Vendor as at the Latest Practicable Date nor had any of them dealt for value in any shares, convertible securities, warrants, options or derivatives of the Vendor during the Relevant Period.
- (ix) As at the Latest Practicable Date, none of the subsidiaries of the Company, pension fund of the Company or of a subsidiary of the Company and any advisers to the Company (as specified in class (2) of the definition of associate in the Takeovers Code but excluding exempt principal traders) owned or controlled any Shares, convertible securities, warrants, options or derivatives of the Company or had dealt in any Shares, convertible securities, warrants, options or derivatives of the Company during the Relevant Period.

- (x) As at the Latest Practicable Date, no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or any person who is an associate of the Company by virtue of classes (1), (2), (3) and (4) of the definition of associate under the Takeovers Code.
- (xi) As at the Latest Practicable Date, there was no Shares, convertible securities, warrants, options or derivatives of the Company which were managed on a discretionary basis by fund managers connected with the Company.
- (xii) Mr. Jiang and Mr. Jiang Qing shall abstain from voting on the resolution approving the Acquisition and the Whitewash Waiver at the EGM and other Directors did not hold any Shares, convertible securities, warrants, options or derivatives of the Company as at the Latest Practicable Date.
- (xiii) As at the Latest Practicable Date, neither the Company nor any of the Directors had borrowed or lent any Shares, convertible securities, warrants, options or derivatives of the Company.
- (xiv) As at the Latest Practicable Date, no benefit had been or would be given to any Director as compensation for loss of office or otherwise in connection with the Acquisition (including the issue of the Consideration Shares) and/or the Whitewash Waiver.
- (xv) As at the Latest Practicable Date, there was no agreement or arrangement between any Director and any other person which is conditional on or dependent upon the outcome of the Acquisition (including the issue of the Consideration shares) and/or the Whitewash Waiver or otherwise connected with the Acquisition (including the issue of the Consideration shares) and/or the Whitewash Waiver.
- (xvi) As at the Latest Practicable Date, there was no material contract entered into by the Vendor in which any Director had a material personal interest.

#### **6. DIRECTORS' INTERESTS IN ASSETS/CONTRACTS AND OTHER INTERESTS**

As at the Latest Practicable Date, none of the Directors had any direct or indirect interests in any assets which had been, since 31 December 2014 (being the date to which the latest published audited financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement subsisting at the Latest Practicable Date which is significant in relation to the business of the Group.

#### **7. DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, (i) none of the Directors had any service contracts with the Company or any of its subsidiaries or associated companies in force which (a) (including both continuous and fixed term contracts) had been entered into or amended within 6 months before the date of the Joint

Announcement; (b) were continuous contracts with a notice period of 12 months or more; or (c) were fixed term contracts with more than 12 months to run irrespective of the notice period; and (ii) none of the Directors had any existing or proposed service contract with any member of the Group which does not expire or is not determinable by such member of the Group within one year without payment of compensation (other than statutory compensation).

#### **8. COMPETING INTERESTS**

As at the Latest Practicable Date, none of the Directors and their respective close associates (as defined under the Listing Rules) had any interests in any business which competed or might compete with the business of the Group.

#### **9. MATERIAL CONTRACTS**

Save for (i) the Acquisition Agreement; and (ii) the Disposal Agreement (entered into between the Company, as vendor, and the LA Purchaser, as purchaser, in relation to the disposal of entire equity interest in Loyal Asset at a cash consideration of RMB50 million), there were no material contracts (not being contracts entered into in the ordinary course of business of the Group) which have been entered into by any member of the Group within the two years immediately preceding the date of the Joint Announcement and up to and including the Latest Practicable Date.

#### **10. LITIGATION**

As at the Latest Practicable Date, neither the Company nor any other member of the Group was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance known to the Directors to be pending or threatened against any member of the Group.

#### **11. EXPERTS AND CONSENTS**

Set out below are the qualification of the experts who have given opinions or advices contained in this circular:

<b>Name</b>	<b>Qualification</b>
Optima Capital Limited	a licensed corporation to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
Platinum Securities	a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
PricewaterhouseCoopers	Certified Public Accountants
RSM Nelson Wheeler	Certified Public Accountants



As at the Latest Practicable Date, none of the above experts had any direct or indirect interests in any assets which had been, since 31 December 2014 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to or were proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the above experts was interested in any securities in any members of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

Each of the above experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its respective letter and/or report and/or reference to its name in the form and context in which they respectively appear.

## **12. MISCELLANEOUS**

- (a) The secretary of the Company is Ms. Li Ching Wah. She is a member of the Hong Kong Institute of Certified Public Accountants.
- (b) The registered office of the Company is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.
- (c) The head office and principal place of business in Hong Kong of the Company is situated at Units A-B, 16/F, China Overseas Building, 139 Hennessy Road, Wan Chai, Hong Kong.
- (d) The registered office of the Vendor is Katwijkerlaan 75, 2641 PD Pijnacker, Netherlands. Mr. Li Yinhui, Mr. Qin Gang and Mr. Jin Jianlong are the directors of the Vendor.
- (e) The ultimate parent company of the Vendor is CIMC. The board of directors of CIMC comprises Mr. LI Jianhong, Mr. ZHANG Liang, Mr. WANG Hong and Mr. WU Shuxiong as non-executive directors; Mr. MAI Boliang as executive director; and Mr. LI Kejun, Mr. PAN Chengwei and Mr. WONG Kwai Huen, Albert as independent non-executive directors.
- (f) The Hong Kong branch share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (g) In the event of inconsistency, the English text of this circular and the accompanying forms of proxies shall prevail over their respective Chinese texts.

## **13. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection during normal business hours (Saturdays and public holidays excepted) at the head office and principal place of business of the Company in Hong Kong and on the websites of the Company ([www.chinafire.com.cn](http://www.chinafire.com.cn)) and the Securities and Futures Commission ([www.sfc.hk](http://www.sfc.hk)) from the date of this circular up to and including the date of the EGM:

- (a) the memorandum and articles of association of the Company;
- (b) the memorandum and articles of association of the Vendor;
- (c) the annual reports of the Company for the years ended 31 December 2013 and 2014;
- (d) the letter from the Board as set out in this circular;
- (e) the letter from the Independent Board Committee as set out in this circular;
- (f) the letter from the Independent Financial Adviser as set out in this circular;
- (g) the accountant's report from PricewaterhouseCoopers in respect of the historical financial information of the Ziegler Group, the text of which is set out in Appendix IIA to this circular;
- (h) the accountant's report on the unaudited pro forma financial information of the Group from RSM Nelson Wheeler, the text of which is set out in Appendix III to this circular;
- (i) the Unaudited Aggregated Selected Financial Information of the Headquarter Assets, the Operating Subsidiaries and Ziegler Indonesia, the text of which is set out in Appendix IIB to this circular;
- (j) the independent assurance report from PricewaterhouseCoopers on the Unaudited Aggregated Selected Financial Information, the text of which is set out in Appendix IV to this circular;
- (k) the report from Optima Capital Limited, the financial adviser of the Company, on the Unaudited Aggregated Selected Financial Information, the text of which is set out in Appendix V to this circular;
- (l) the written consents referred to under the paragraph headed "Experts and consents" in this appendix;
- (m) the material contracts referred to in the section headed "Material Contracts" in this appendix;  
and
- (n) this circular and a separate circular of the Company dated 27 March 2015 in relation to the Disposal.

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## NOTICE OF EGM

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### China Fire Safety Enterprise Group Limited

中國消防企業集團有限公司

*(Incorporated in the Cayman Islands with limited liability)*

(Stock code: 445)

#### NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the extraordinary general meeting (the "Meeting") of China Fire Safety Enterprise Group Limited (the "Company") will be held immediately after the conclusion of the annual general meeting of the Company which is scheduled to be held at 3:00 p.m. on 22 May 2015 (Friday) at Falcon Room II, Basement, Gloucester Luk Kwok Hong Kong, 72 Gloucester Road, Wanchai, Hong Kong for the purpose of considering and, if thought fit, passing, with or without amendments, the following resolution as an ordinary resolution of the Company:

#### ORDINARY RESOLUTION

"THAT

- (a) the conditional sale and purchase agreement dated 27 February 2015 (the "Acquisition Agreement") and entered into among Profit Asia International Trading Limited (the "Purchaser"), a wholly-owned subsidiary of the Company, as purchaser, CIMC Top Gear B.V. (the "Vendor"), as vendor, the Company, as guarantor of the Purchaser's obligations under the Acquisition Agreement, and China International Marine Containers (Hong Kong) Limited, as guarantor of the Vendor's obligations under the Acquisition Agreement, in respect of the sale and purchase of 40% equity interests in Albert Ziegler GmbH ("Ziegler") and 40% of all the amounts owed by Ziegler to the Vendor as at the date of completion of the Acquisition Agreement for the consideration of HK\$489,428,572, (a copy of the Acquisition Agreement has been produced to the meeting and marked "A" and initialed by the chairman of the meeting for the purpose of identification), and the transactions contemplated thereunder, be and are hereby approved, confirmed and ratified;
- (b) the allotment and issue of 1,223,571,430 new shares (the "Consideration Shares") of HK\$0.01 each in the share capital of the Company, credited as fully paid, at the issue price of HK\$0.4 per Consideration Share to the Vendor (or its nominee) pursuant to the terms and conditions of the Acquisition Agreement and the transactions contemplated thereunder be and is hereby approved;
- (c) subject to and conditional upon the Executive Director (or any delegate of the Executive Director) of the Corporate Finance Division of the Securities and Futures Commission (the "Executive") granting to the Vendor and parties acting in concert with it the waiver (the "Whitewash Waiver") pursuant to Note 1 to the Notes on dispensations from Rule 26 of the Hong Kong Code on Takeovers and Mergers (the "Takeovers Code") waiving any obligation on the part of the Vendor and parties acting in concert with it to make a

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## NOTICE OF EGM

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mandatory general offer for all the securities of the Company not already owned or agreed to be acquired by the Vendor and parties acting in concert with it which would otherwise arise under Rule 26.1 of the Takeovers Code as a result of the allotment and issue of the Consideration Shares to the Vendor (or its nominee) and the satisfaction of any condition(s) attached to the Whitewash Waiver as may be imposed by the Executive, the Whitewash Waiver be and is hereby approved; and

- (d) any one or more of the directors (the “Directors”) of the Company be and is/are hereby authorised to do all such acts and things and execute all such documents which he/she/ they consider necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to, the Acquisition Agreement and the transactions contemplated thereunder, including but not limited to the allotment and issue of the Consideration Shares and the Whitewash Waiver, as are, in the opinion of the Directors, in the interest of the Company and its shareholders as a whole.”

By Order of the Board  
China Fire Safety Enterprise Group Limited  
Li Ching Wah  
Company Secretary

Hong Kong, 28 April 2015

*Registered office:*

Cricket Square Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

*Head office and principal place  
of business in Hong Kong:*

Units A-B, 16 Floor  
China Oversea Building  
No 139 Hennessy Road  
Wanchai, Hong Kong

*Notes:*

1. Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person as his proxy to attend and vote instead of him. A member of the Company who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at the Meeting. A proxy need not be a member of the Company. In addition, a proxy or proxies representing either a member of the Company who is an individual or a member of the Company which is a corporation shall be entitled to exercise the same powers on behalf of the member of the Company which he or they represent as such member of the Company could exercise.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same. In the case of an instrument of proxy purporting to be signed on behalf of a corporation by an officer thereof, it shall be assumed, unless the contrary appears, that such officer was duly authorised to sign such instrument of proxy on behalf of the corporation without further evidence of the fact.

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## NOTICE OF EGM

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3. To be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy thereof must be deposited at the Company's share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, not less than 48 hours before the time fixed for holding the Meeting or adjournment thereof (as the case may be).
4. Delivery of an instrument appointing a proxy shall not preclude a member from attending and voting in person at the meeting convened and in such event, the instrument appointing a proxy shall be deemed to be revoked.
5. Where there are joint holders of any share, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders be present at any meeting the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
6. The voting at the Meeting shall be taken by way of poll.

*As at the date of this notice, the executive Directors are Mr. Jiang Xiong, Mr. Jiang Qing, Mr. Wang De Feng, Ms. Weng Xiu Xia and Mr. Hu Yong; and the independent non-executive Directors are Dr. Loke Yu, Mr. Heng Ja Wei and Ms. Sun Guo Li.*