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Shanghai Qingpu Fire-Fighting Equipment Co., Ltd.*
上海青浦消防器材股份有限公司
(a joint stock limited company incorporated in the People's Republic of China)
(Stock Code: 8115)

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

THE PROPOSED ACQUISITION

The Board is pleased to announce that, after trading hours on 11 July 2014, the Company has resolved that, subject to certain pre-conditions, the Company will submit the Bid at the Auction for the Subject Assets at a price of no more than RMB35 million.

The Subject Assets comprise a parcel of land located at Nos. 56, 綠島南路 (Lu Dao South Road*) of Quzhou City, Zhejiang Province, the PRC with an area of 46,496 sq. m., and the three single-storey building with a total gross floor area of approximately 14,448.91 sq. m. and a four-storey building with a total gross floor area 5,963.94 sq. m. erected on the Land. To the best of the Directors' knowledge, information and belief and after having made all reasonable enquires, the Buildings had not been used by the Vendor for production. For further details of the Subject Assets, please refer to the section headed "Information on the Subject Assets" in this announcement.

LISTING RULES IMPLICATIONS

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

To the best knowledge, information and belief of the Directors, as at the date of this announcement, neither the Vendor nor any of its associate hold any Shares and therefore no Shareholder and its associates are required to abstain from voting on the proposed resolution(s) to approve the Proposed Acquisition and the transactions contemplated thereunder in general meeting of the Shareholders. Accordingly, the Company has obtained written Shareholders' approval from the Controlling Shareholder and Liancheng HK, holding in aggregate of 131,870,000 Domestic Shares and 1,300,000 H Shares, representing approximately 71.05% of the total issued share capital of the Company, to approve the Proposed Acquisition in lieu of holding a general meeting pursuant to Rule 19.44 of the GEM Listing Rules. Accordingly, a general meeting of the Company will not be held for approving the Proposed Acquisition and the transactions contemplated thereunder.

GENERAL

Pursuant to Rule 19.41(a) of the GEM Listing Rules, a circular containing, among other things, (i) further details of the Bid and the Auction; (ii) further details of the Subject Assets; (iii) unaudited pro forma financial information of the Group as enlarged by the Proposed Acquisition; and (iv) the valuation report of the Subject Assets shall be despatched to the Shareholders within fifteen Business Days after the publication of this announcement, which is on or before 31 July 2014.

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

INTRODUCTION

The Board is pleased to announce that, after trading hours on 11 July 2014, the Company has resolved that, subject to the pre-conditions set out herein, the Company will submit the Bid at the Auction for the Subject Assets at a price of no more than RMB35 million.

THE PROPOSED ACQUISITION

Background

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

Details of the Bid

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

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

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

Basis for determination the maximum Bid price

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

The consideration payable by the Company for the Subject Assets will be satisfied by drawing down of the Loan Facility. As advised by the Directors, as at the date of this announcement, RMB13.8 million of the Loan Facility had been previously drawn down by the Company for its business use and RMB36.2 million was still available for use by the Company. The Company has obtained a bank

statement of the Controlling Shareholder/浙江恆泰房地產股份有限公司 (Zhejiang Hengtai Real Estate Joint Stock Co., Ltd*) and the transfer instruction executed by Controlling Shareholder/浙江恆泰房地產股份有限公司 (Zhejiang Hengtai Real Estate Joint Stock Co., Ltd*) for the drawing down of the Loan Facility by the Company, and is satisfied that the remaining balance of the Loan Facility will be available for use by the Company within a reasonable time.

Pre-conditions of the Bid

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

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

The Company does not intend to waive any of the aforesaid pre-conditions. As at the date of this announcement, the Company has received a draft PRC Legal Opinion to its satisfaction.

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

Completion

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

INFORMATION OF THE SUBJECT ASSETS

The Subject Assets, with a land area of approximately 46,496 sq. m. and four buildings with a total gross floor area of approximately of 20,412.85 sq. m., are located at Nos. 56, 綠島南路 (Lu Dao South Road*) of Quzhou City, Zhejiang Province, the PRC, comprising (I) the First Subject Assets, being (i) a parcel of land with area of approximately 22,813 sq. m.; (ii) a 4-storey office building with a total gross floor area of approximately 5,963.94 sq. m.; and (iii) a single-storey industrial building with a total gross floor area of approximately 4,515.95 sq. m.; and (II) the Second Subject Assets, being (i) a parcel of land with area of approximately 23,683 sq. m. and (ii) two single-storey industrial buildings with an aggregate gross floor area of approximately 9,932.96 sq. m. As at the date of this announcement, the Buildings are vacant.

As the Subject Assets to be acquired would be bid through an open auction arranged by the Kecheng Court, no information on the net asset value and the net profits attributable to the Subject Assets was available to the Company. Nevertheless, to the best of the Directors' knowledge, information and belief and after having made all reasonable enquires, the Buildings had not been used by the Vendor for production.

Reasons for and the benefit of the Proposed Acquisition

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

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

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

The Group plans to move and consolidate all of its existing production procedures from the Qingpu Factory and the Yangjin Factory to the Subject Assets to enhance the efficiency in resources allocation, management centralization, reduce transportation costs in transferring materials between the production bases, reduce in labour cost as the labour cost in Quzhou is lower than the two existing production bases of the Company. The Company will monitor and review the progress and the result of the consolidation so as to formulate further production consolidation plan as and when appropriate, and the Company may consider to relocate the remaining factory of the Group to a larger production base to enhance the potential growth and competitiveness of the Group. After the Qingpu Factory and the Yangjin Factory are completely consolidated into the Subject Assets, the Company may consider broaden its revenue stream by leasing, disposing or redeveloping the Qingpu Factory

and/or the Yangjin Factory subject to the compliance of the relevant laws and regulations. In any event, the Company will comply with the relevant requirements under the GEM Listing Rules as and when appropriate.

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

GEM LISTING RULES IMPLICATIONS

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

To the best knowledge, information and belief of the Directors, as at the date of this announcement, neither the Vendor nor any of its associate hold any Shares and therefore no Shareholder and its associates are required to abstain from voting on the proposed resolution(s) to approve the Proposed Acquisition and the transactions contemplated thereunder in general meeting of the Shareholders. Accordingly, the Company has obtained written Shareholders' approval from the Controlling Shareholder and Liancheng HK, holding in aggregate of 131,870,000 Domestic Shares and 1,300,000 H Shares, representing approximately 71.05% of the total issued share capital of the Company, to approve the Proposed Acquisition in lieu of holding a general meeting pursuant to Rule 19.44 of the GEM Listing Rules. Accordingly, a general meeting of the Company will not be held for approving the Proposed Acquisition and the transactions contemplated thereunder.

GENERAL

Pursuant to Rule 19.41(a) of the GEM Listing Rules, a circular containing, among other things, (i) further details of the Bid and the Auction; (ii) further details of the Subject Assets; (iii) unaudited pro forma financial information of the Group as enlarged by the Proposed Acquisition; and (iv) the valuation report of the Subject Assets shall be despatched to the Shareholders within fifteen Business Days after the publication of this announcement, which is on or before 31 July 2014.

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

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

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

“Domestic Share(s)”	ordinary share(s) in the share capital of the Company, with a nominal value of RMB0.10 each, which are subscribed for in RMB by PRC nationals and/or PRC incorporated entities
“First Subject Assets”	the parcel of land with area of approximately 22,813 sq. m., a 4-storey office building with a total gross floor area of approximately 5,963.94 sq. m. and a single-storey industrial building with a total gross floor area of approximately 4,515.95 sq. m. located at Nos. 56, 綠島南路 (Lu Dao South Road*) of Quzhou City, Zhejiang Province, the PRC
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM (as amended from time to time)
“Group”	the Company and its subsidiaries
“H Share(s)”	overseas listed foreign share(s) in the share capital of the Company, with a nominal value of RMB0.10 each, all of which are listed on the GEM, and subscribed for and traded in Hong Kong dollars
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Land”	a parcel of land located at Nos. 56, 綠島南路 (Lu Dao South Road*) of Quzhou City, Zhejiang Province, the PRC with an area of 46,496 sq. m.
“Liancheng HK”	Liancheng Fire Protection Group (Hong Kong) Company Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Controlling Shareholder
“Loan Facility”	the unsecured and interest-free RMB50 million loan facility granted by the Controlling Shareholder and 浙江恆泰房地產股份有限公司 (Zhejiang Hengtai Real Estate Joint Stock Co., Ltd*), a company owns 80% of the Controlling Shareholder, on 3 December 2010 with a term of five years, which could be extended at the discretion of the Controlling Shareholder for another two years
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Proposed Acquisition”	the proposed acquisition of the Subject Assets under the Auction

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

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

Hong Kong, 11 July 2014

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

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this announcement 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 announcement misleading.

This announcement will remain on the “Latest Company Announcements” page of the GEM website for at least 7 days from the date of its publication.

* For identification purpose only