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**Liancheng Fire Protection Group  
(Hong Kong) Company Limited**

*(a company incorporated in Hong Kong with limited liability)*



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 PRC)*  
**(Stock Code: 8115)**

**JOINT ANNOUNCEMENT  
THE TRANSFERS OF THE DOMESTIC SHARES IN  
SHANGHAI QINGPU FIRE-FIGHTING EQUIPMENT CO., LTD.\*;  
MANDATORY UNCONDITIONAL CASH OFFER BY  
CIMB-GK SECURITIES (HK) LIMITED AND  
BOCOM INTERNATIONAL (ASIA) LIMITED ON BEHALF OF  
LIANCHENG FIRE PROTECTION GROUP (HONG KONG) COMPANY LIMITED,  
A WHOLLY OWNED SUBSIDIARY OF LIANCHENG FIRE-FIGHTING GROUP  
COMPANY LIMITED\*  
FOR ALL THE ISSUED H SHARES  
IN SHANGHAI QINGPU FIRE-FIGHTING EQUIPMENT CO., LTD.\*  
(OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY  
LIANCHENG FIRE-FIGHTING GROUP COMPANY LIMITED\* AND PARTIES  
ACTING IN CONCERT WITH IT)**

*Joint Financial Advisers to the Offeror*



The Board had been informed by Liancheng that pursuant to the First Batch Share Transfer Agreements, the Second Batch Share Transfer Agreements and the Power of Attorney, Liancheng had become the registered owner of 87,534,375 Domestic Shares after the transfers as contemplated under the First Batch Share Transfer Agreements and will become the registered owner of a further 44,335,625 Domestic Shares after the transfers as contemplated under the Second Batch Share Transfer Agreements, and was authorized under the Power of Attorney to exercise the voting rights of 44,335,625 Domestic Shares. As a result, Liancheng is entitled to exercise the voting rights of an aggregate of 131,870,000 Domestic Shares, representing (i) the entire voting rights of all Domestic Shares in issue by the Company; and (ii) the voting rights of approximately 70.36% of the total issued share capital of the Company as at the date of this joint announcement.

## **MANDATORY UNCONDITIONAL CASH OFFER**

As Liancheng became interested in 30% or more of the voting rights of the Company on 15 August 2008, the mandatory H Share Offer was triggered on 15 August 2008. Under Rule 26.1 of the Takeovers Code, Liancheng and parties acting in concert with it are required to make a mandatory unconditional cash offer to acquire all the issued Shares (other than those already owned or agreed to be acquired by Liancheng or parties acting in concert with it).

The H Share Offer Price represents the Highest Consideration of RMB0.18957 per Domestic Share converted into Hong Kong dollars based on the exchange rate of RMB1: HK\$1.1375 prevailing on 15 August 2008 (represents the daily average exchange rate from RMB to HK\$ as quoted from Bloomberg).

## **GENERAL**

A composite offer and response document setting out details of the H Share Offer (and attaching thereto the relevant acceptance and transfer forms) and incorporating the letters of advice from the Independent Board Committee and the independent financial adviser on the H Share Offer will be sent by the Offeror and the Company jointly to the Shareholders in accordance with the Takeovers Code.

The Company is principally engaged in research, development, manufacture and sale of fire fighting equipment in the PRC. Trading in the H Shares was suspended with effect from 9:30 a.m. on 21 December 2006 and has remained suspended pending the release of announcement relating to the outstanding financial statements of the Company and the submission of a viable resumption proposal to demonstrate, among other things, that the Company (i) complies with Rule 17.26 of the GEM Listing Rules; (ii) has in place adequate financial reporting system and internal control procedures; (iii) has sufficient working capital for the operation; and (iv) addresses concerns raised by the auditors if any qualification arise from the audit report to the Stock Exchange to seek its approval for the resumption of trading in the H Shares. Further announcement will be made in this regard in compliance with the GEM Listing Rules.

## **INTRODUCTION**

Reference is made to the holding announcements of the Company dated 7 January 2009, 3 February 2009, 3 March 2009 and 1 April 2009. The Board had been informed by Liancheng that pursuant to the First Batch Share Transfer Agreements, the Second Batch Share Transfer Agreements and the Power of Attorney, Liancheng had become the registered owner of 87,534,375 Domestic Shares after the transfers as contemplated under the First Batch Share Transfer Agreements and will become the registered owner of a further 44,335,625 Domestic Shares after the transfers as contemplated under the Second Batch Share Transfer Agreements, and was authorized under the Power of Attorney to exercise the voting rights of 44,335,625 Domestic Shares. As a result, Liancheng is entitled to exercise the voting rights of an aggregate of 131,870,000 Domestic Shares, representing (i) the entire voting rights of all Domestic Shares in issue by the Company; and (ii) the voting rights of approximately 70.36% of the total issued share capital of the Company as at the date of this joint announcement. As Liancheng became interested in 30% or more of the voting rights of the Company, Liancheng and parties acting in concert with it are required to make a mandatory unconditional cash offer to acquire all the issued Shares (other than those already owned or agreed to be acquired by Liancheng or parties acting in concert with it) under Rule 26.1 of the Takeovers Code.

## THE TRANSFERS

### First Batch Share Transfer Agreements

Set out below are details of the First Batch Share Transfer Agreements:

Date of the agreement	Purchaser	Vendor	Number of Domestic Shares transferred pursuant to the First Batch Share Transfer Agreements	Consideration per Domestic Share (RMB)	Percentage of total issued share capital of the Company (including the Domestic Shares and H Shares)	Effective date of the transfer (Note 4)	
1	10 July 2008	Liancheng	Li Zheng Li (李錚理), a non-executive Director	5,048,125	0.100 (Note 1)	2.69%	10 July 2008
2	10 July 2008	Liancheng	Li Min Zhi (李敏智), a non-executive Director	2,366,250	0.100 (Note 1)	1.26%	10 July 2008
3	12 July 2008	Liancheng	Shanghai Hede	8,410,000	0.118 (Note 1)	4.49%	15 August 2008
4	17 July 2008	Liancheng	Fuzhou Tung Shing	8,410,000	0.118 (Note 1)	4.49%	15 August 2008
5	12 July 2008/ 18 July 2008	Liancheng	Shanghai Huasheng/ Fudan Time-Control (Note 2)	63,300,000 (Note 2)	0.18957 (Notes 1 & 3)	33.77%	15 August 2008
<b>Sub total:</b>			<b>87,534,375</b>		<b>46.70%</b>		

#### Notes:

- The consideration for each of the above First Batch Share Transfer Agreements was determined between Liancheng and each respective vendors to the First Batch Share Transfer Agreements after arm's length negotiations. The consideration for each of the above First Batch Share Transfer Agreements had been paid to the respective vendors to the First Batch Share Transfer Agreements by Liancheng.
- Reference is made to the announcements made by the Company on 8 August 2006, 12 September 2006, 17 October 2006, 15 November 2006, 7 December 2006, 24 April 2007, 25 June 2007, 24 July 2007 and 23 August 2007 (the "Announcements"). As disclosed in the Announcements, these 63,300,000 Domestic Shares (the "Frozen Shares") (which were subject to the freezing measures imposed by (i) 杭州市中級人民法院 (the "Hangzhou Intermediate People's Court"); and (ii) 上海市青浦區人民法院 (the "People's Court of Qingpu, Shanghai") were sold by the Hangzhou Intermediate People's Court to Fudan Time-Control in the third auction conducted by Hangzhou Intermediate People's Court on 20 December 2006 (the "Hangzhou Auction"). However, given for the reasons as stated in the announcement made by the Company on 24 April 2007, the Hangzhou Auction was concluded to be unenforceable, and the Frozen Shares were still registered in the name of Shanghai Huasheng but were still subject to the freezing measures imposed by the People's Court of Qingpu Shanghai. For the purpose of acquiring the Frozen Shares registered in the name of Shanghai Huasheng by Liancheng, Liancheng entered into (i) an agreement

(as supplemented by the tri-partite agreement dated 17 October 2008 between Liancheng, Shanghai Huasheng and Fudan Time-Control) with Shanghai Huasheng on 12 July 2008, in which it is agreed that 63,300,000 Domestic Shares registered in the name of Shanghai Huasheng shall be transferred to Liancheng; and (ii) two agreements (i.e. the agreements for transfer of rights of Fudan Time-Control on the Frozen Shares acquired in Hangzhou Auction and the agreements for transfer of the Frozen Shares) (as supplemented by the tri-partite agreement dated 17 October 2008) with Fudan Time-Control on 18 July 2008, in which it is agreed that the rights of Fudan Time-Control on the Frozen Shares and the Frozen Shares shall be transferred to Liancheng. Based on the PRC Legal Opinion, the Frozen Shares (i.e. 63,300,000 Domestic Shares registered in the name of Shanghai Huasheng) were released by the People's Court of Qingpu, Shanghai on 13 August 2008, and transferred to Liancheng on 15 August 2008.

3. According to the agreements entered into by Liancheng for acquiring the Frozen Shares as mentioned in note 2 above (as supplemented by the tri-partite supplemental agreement dated 17 October 2008 between Shanghai Huasheng, Fudan Time-Control and Liancheng), it is agreed that for the purpose of acquiring the Frozen Shares by Liancheng, Liancheng shall pay (i) the consideration of RMB0.1 per Domestic Shares to Shanghai Huasheng, which shall then be paid to Fudan Time-Control and applied towards settlement of part of the consideration payable by Liancheng to Fudan Time-Control; and (ii) an additional amount of RMB0.08957 per Domestic Share to Fudan Time-Control. The aforesaid consideration had been paid by Liancheng to each of Shanghai Huasheng and Fudan Time-Control in the manner as stated above. As a result, the aggregate consideration paid by Liancheng for acquiring the Frozen Shares was RMB0.18957 per Domestic Shares, which also represent the Highest Consideration pursuant to the First Batch Share Transfer Agreements and the Second Batch Share Transfer Agreements.
4. The transfers of the Domestic Shares pursuant to the share transfer agreements entered into by Liancheng with (i) Li Zheng Li in respect of 5,048,125 Domestic Shares; and (ii) Li Min Zhi in respect of 2,366,250 Domestic Shares took effect on 10 July 2008. The transfers of the Domestic Shares pursuant to share transfer agreements entered into by Liancheng with (i) Shanghai Hede in respect of 8,410,000 Domestic Shares; (ii) Fuzhou Tung Shing in respect of 8,410,000 Domestic Shares; and (iii) Shanghai Huasheng in respect of 63,300,000 Domestic Shares took effect on 15 August 2008. As such, all of the share transfers made pursuant to the First Batch Share Transfer Agreements have been completed.

## Second Batch Share Transfer Agreements

Set out below are details of the Second Batch Share Transfer Agreements:

Date of the agreement	Purchaser	Vendor	Number of Domestic Shares to be transferred pursuant to the Second Batch Share Transfer Agreements	Consideration per Domestic Share (RMB)	Percentage of total issued share capital of the Company (including the Domestic H Shares)	Effective date of the transfer
1 15 August 2008	Liancheng	Tang Heng Yi (湯恒義), a former executive Director, whose resignation took effect from 7 May 2008	8,902,500	0.180 (Note 1)	4.75%	The transfer of 8,902,500 Domestic Shares shall be completed upon the fulfillment of Offeror's obligation for the H Share Offer (Note 2)

	<b>Date of the agreement</b>	<b>Purchaser</b>	<b>Vendor</b>	<b>Number of Domestic Shares to be transferred pursuant to the Second Batch Share Transfer Agreements</b>	<b>Consideration per Domestic Share (RMB)</b>	<b>Percentage of total issued share capital of the Company (including the Domestic Shares and H Shares)</b>	<b>Effective date of the transfer</b>
2	15 August 2008	Liancheng	Li Zheng Li, a non-executive Director	15,144,375	0.180 <i>(Note 1)</i>	8.08%	The transfer of 15,144,375 Domestic Shares shall take effect within 10 days after the expiration of the lock-up period for disposing of the Domestic Shares imposed under the PRC Company Laws (i.e. six months after resignation of Li Zheng Li as a non-executive Director) <i>(Note 3)</i>
3	15 August 2008	Liancheng	Li Min Zhi, a non-executive Director	7,098,750	0.180 <i>(Note 1)</i>	3.79%	The transfer of 7,098,750 Domestic Shares shall take effect within 10 days after the expiration of the lock-up period for disposing of the Domestic Shares imposed under the PRC Company Laws (i.e. six months after resignation of Li Min Zhi as a non-executive Director) <i>(Note 3)</i>



3. The timing of the completion of the transfers depends on the resignation of Li Zheng Li, Li Min Zhi and Jiang Zhou as non-executive Director respectively as there is a lock-up period of six months for the disposal of the Domestic Shares imposed under the PRC Company Law after the resignation of director. Each of Li Zheng Li, Li Min Zhi and Jiang Zhou intended to resign as Directors after the closing date of the H Share Offer.
4. Pursuant to the share transfer agreement dated 7 July 2008 entered into between Liancheng and Jiang Zhou, the first tranche of 3,297,500 Domestic Shares shall be transferred within 10 days after the signing of the said share transfer agreement. Subject to the registration of the transfer to be processed by China Securities Depository and Clearing Corporation Limited, the transfer will be completed without legal impediment. Based on the PRC legal opinion dated 31 March 2009 from King and Wood, China Securities Depository and Clearing Corporation Limited will not process the registration of the transfer of the 1st tranche Domestic Shares of Jiang Zhou to Liancheng until the fulfillment of Offeror's obligation for the H Share Offer.

According to the advice of King and Wood, the PRC legal advisers to Liancheng, the Transfers do not require any relevant approval from the China Securities Regulatory Commission.

### **Power of Attorney**

Four sets of power of attorney, all dated 15 August 2008, were given by each of Jiang Zhou, Tang Heng Yi, Li Zheng Li and Li Min Zhi, pursuant to which, each of such persons agreed to irrevocably grant the power to exercise the voting rights of an aggregate of 44,335,625 Domestic Shares held by them to Liancheng from the date of the Power of Attorney to the date when the Domestic Shares held by each of them are transferred to Liancheng pursuant to each of the Second Batch Share Transfer Agreements.

Based on the PRC legal opinion of King and Wood dated 31 March 2009 in relation to the transfers of the Domestic Shares as contemplated under each of the First Batch Share Transfer Agreements and the Second Batch Share Transfer Agreements (the "First PRC Legal Opinion"):

- (i) upon the effective date of transfers of the Domestic Shares as contemplated under each of the First Batch Share Transfer Agreements, Liancheng became the registered owner and was beneficially interested in 87,534,375 Domestic Shares, representing approximately 46.70% of the Company's total issued share capital of the Company;
- (ii) upon the expiry of the relevant lock-up periods for disposing of the Domestic Shares imposed on each of Jiang Zhou, Li Zheng Li and Li Min Zhi, subject to non occurrence of any new incidents which would affect the Second Batch Share Transfer Agreements to take effect, there is no legal impediment for the transfers of the Domestic Shares (for Jiang Zhou, the 2nd tranche Domestic Shares) as contemplated under each of the Second Batch Share Transfer Agreements to take effect. The registration of the transfer of the Domestic Shares from Tang Heng Yi to Liancheng and the 1st tranche Domestic Shares from Jiang Zhou to Liancheng will be processed by China Securities Depository and Clearing Corporation Limited upon the fulfillment of Offeror's obligation for the H Share Offer; and
- (iii) there is no legal impediment as to PRC law for the exercise of the voting rights of 44,335,625 Domestic Shares, representing approximately 23.66% of the total issued share capital of the Company, granted under each set of the Power of Attorney given by Jiang Zhou, Tang Heng Yi, Li Zheng Li and Li Min Zhi from the date of signing of the Power of Attorney to the date when the Domestic Shares held by each of them are transferred to Liancheng pursuant to each of the Second Batch Share Transfer Agreements.

## **MANDATORY UNCONDITIONAL CASH OFFER**

Pursuant to the First Batch Share Transfer Agreements, the Second Batch Share Transfer Agreements and the Power of Attorney, Liancheng became the registered owner of 87,534,375 Domestic Shares and will become the registered owner of 44,335,625 Domestic Shares after the transfers as contemplated under the First Batch Share Transfer Agreements and the Second Batch Share Transfer Agreements respectively, and was authorized under the Power of Attorney to exercise the voting rights of 44,335,625 Domestic Shares. As a result, Liancheng is entitled to exercise the voting rights of an aggregate of 131,870,000 Domestic Shares, representing (i) the entire voting rights of all Domestic Shares in issue of the Company; and (ii) the voting rights for approximately 70.36% of the total issued share capital of the Company as at the date of this joint announcement. As Liancheng became interested in 30% or more of the voting rights of the Company on 15 August 2008, the mandatory H Share Offer was triggered on 15 August 2008. Under Rule 26.1 of the Takeovers Code, Liancheng and parties acting in concert with it are required to make a mandatory unconditional cash offer to acquire all the issued Shares (other than those already owned or agreed to be acquired by Liancheng or parties acting in concert with it).

Liancheng had approached certain professional advisers in Hong Kong to advise it on the implications of the relevant rules and regulations in Hong Kong (including but not limited to the implications on the Takeovers Code) on the First Batch Share Transfer Agreements, the Second Batch Share Transfer Agreements and the Power of Attorney. Given the different legal and regulatory regimes and requirements in Hong Kong and the PRC, the professional advisers to Liancheng have taken necessary time after their respective engagement by Liancheng to perform necessary enquiries on the relevant PRC laws and regulations which are applicable to Liancheng and the implications of such PRC laws and regulations on the obligations of Liancheng under the Takeovers Code. Based on the PRC legal opinion of King and Wood dated 31 March 2009 in relation to the making of the H Share Offer by Liancheng HK (“Second PRC Legal Opinion”), Liancheng has obtained the required approvals from the Ministry of Commerce, the Zhejiang Provincial Development and Reform Commission and the State Administration of Foreign Exchange in Quzhou City for Liancheng HK to make the H Share Offer.

CIMB-GK and BOCOM will make the H Share Offer on behalf of Liancheng HK, a wholly owned subsidiary of Liancheng, for all the H Shares not already owned or agreed to be acquired by Liancheng and parties acting in concert with it.

### **Principal terms of the Offer**

For each H Share . . . . . HK\$0.216 in cash

The H Share Offer Price represents the Highest Consideration of RMB0.18957 per Domestic Share converted into Hong Kong dollars based on exchange rate of RMB1: HK\$1.1375 prevailing on 15 August 2008 (represents the daily average exchange rate from RMB to HK\$ as quoted from Bloomberg).

The H Shares to be acquired under the H Share Offer shall be fully paid and free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attaching to them as at the date hereof, including the right to receive in full all dividends and other distributions, if any, declared, made or paid on or after the date hereof.

The Company does not have any outstanding warrants or options or derivatives to acquire Shares or other securities which are convertible into H Shares.



Neither the Offeror nor any party acting in concert with it has received any irrevocable commitment to accept the H Share Offer.

The Offeror did not enter into any agreement or arrangement which is related to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the H Share Offer and the consequences of which would give rise to any break fees payable.

Except for the disclosure above, as at the date hereof, there is no arrangement (whether by way of option, indemnity or otherwise) of the kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the securities of the Offeror or the Company.

Except for:

- the acquisition of the Domestic Shares by the Offeror pursuant to the First Batch Share Transfer Agreements and the Second Batch Share Transfer Agreements; and
- the disposal of the Domestic Shares by Li Zheng Li and Li Min Zhi pursuant to the First Batch Share Transfer Agreements,

Liancheng, the Offeror and parties acting in concert with them have not dealt in the Shares or any other securities of the Company during the period commencing from the date falling six months before the Last Trading Day and up to the date of this joint announcement.

### **Comparison of value**

The offer price of HK\$0.216 per H Share represents:

- (i) a premium of approximately 13.7% over the closing price of HK\$0.19 per H Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 9.1% over the average closing price of HK\$0.198 per H Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;
- (iii) a premium of approximately 8.0% over the average closing price of HK\$0.20 per H Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day; and
- (iv) a discount of approximately 5.3% to the unaudited consolidated net asset value of approximately RMB0.20 per Share (representing approximately HK\$0.228 per Share) as at 30 June 2006 (being the latest published unaudited net asset value of the Company prior to the date of this joint announcement).

### **Highest and lowest H Share prices**

The highest and lowest closing prices of the H Shares quoted on the Stock Exchange during the six-month period preceding the Last Trading Day up to and including the date of this joint announcement were HK\$0.25 per H Share during the periods from 21 June 2006 to 11 August 2006 and from 4 September 2006 to 20 November 2006 and HK\$0.19 per H Share during the period from 18 July 2006 to 20 July 2006, respectively.

## Total consideration

There are 55,560,000 H Shares subject to the H Share Offer. The H Share Offer is valued at approximately HK\$12.0 million based on the H Share Offer Price of HK\$0.216 per H Share.

CIMB-GK and BOCOM are satisfied that sufficient financial resources are available to the Offeror to meet acceptances in full of the H Share Offer.

## Stamp duty

Seller's ad valorem stamp duty at a rate of 0.1% of the market value of the H Shares or consideration payable by the Offeror in respect of the relevant acceptances of the H Share Offer, whichever is higher, will be deducted from the amount payable to the relevant Shareholder on acceptance of the H Share Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of accepting Shareholders in connection with the acceptance of the H Share Offer and the transfer of the H Shares.

## Payment

Payment in cash in respect of acceptances of the Offer, net of seller's ad valorem stamp duty, will be made as soon as practicable but in any event within 10 days from the date of receipt of duly completed acceptances.

## SHAREHOLDING STRUCTURE OF THE COMPANY

The issued share capital of the Company as at the date of this joint announcement comprises:

Shareholders	Number of Shares held as at the date of this joint announcement	Approximate percentage of shareholding (%)	Number of Shares held after the completion of the Transfers	Approximate percentage of shareholding (%)
<b>Domestic Shares</b>				
Liancheng	87,534,375	46.70	131,870,000	70.36
Tang Heng Yi <i>Note 1</i>	8,902,500	4.75	–	–
Li Zheng Li <i>Note 1</i>	15,144,375	8.08	–	–
Li Min Zhi <i>Note 1</i>	7,098,750	3.79	–	–
Jiang Zhou <i>Note 1</i>	13,190,000	7.04	–	–
Total number of Domestic Shares held by the Offeror and parties acting in concert with it	131,870,000	70.36	131,870,000	70.36
<b>H Shares</b>				
Public shareholders	55,560,000	29.64	55,560,000	29.64
Total number of H Shares	55,560,000	29.64	55,560,000	29.64
Total number of Shares	187,430,000	100.00	187,430,000	100.00

*Note:*

- 1 The respective effective date of transfer of 44,335,625 Domestic Shares as contemplated under the Second Batch Share Transfer Agreements shall take place after (i) the lock-up period for disposing of the Domestic Shares imposed under the PRC Company Laws (i.e. six months after resignation of each of Jiang Zhou, Li Zheng Li and Li Min Zhi as Directors); and (ii) the fulfillment of Offeror's obligation for the H Share Offer as required by China Securities Depository and Clearing Corporation Limited to process the registration of the transfer of the Domestic Shares from Tang Heng Yi to Liancheng, and before such effective dates, each of Jiang Zhou, Li Zheng Li, Li Min Zhi and Tang Heng Yi agreed to irrevocably grant the power to exercise the voting rights of an aggregate of 44,335,625 Domestic Shares held by them to Liancheng from the date of the Power of Attorney to the date when the Domestic Shares held by each of them are transferred to Liancheng pursuant to each of the Second Batch Share Transfer Agreements. Please refer to the section headed "Second Batch Share Transfer Agreements" and "Power of Attorney" in this joint announcement for details.

As at the date of this joint announcement, the Company has no outstanding convertible securities, warrants, options or other derivatives, and the Offeror and parties acting in concert with it have not entered into any outstanding derivatives in respect of securities in the Company.

## INFORMATION ON THE COMPANY

The Company is principally engaged in research, development, manufacture and sale of fire fighting equipment in the PRC. Trading in the H Shares was suspended with effect from 9:30 a.m. on 21 December 2006 and has remained suspended pending the release of announcement relating to the outstanding financial statements of the Company and the submission of a viable resumption proposal to demonstrate, among other things, that the Company (i) complies with Rule 17.26 of the GEM Listing Rules; (ii) has in place adequate financial reporting system and internal control procedures; (iii) has sufficient working capital for the operation; and (iv) addresses concerns raised by the auditors if any qualification arise from the audit report to the Stock Exchange to seek its approval for the resumption of trading in the H Shares. Further announcement will be made in this regard in compliance with the GEM Listing Rules.

## FINANCIAL INFORMATION OF THE COMPANY

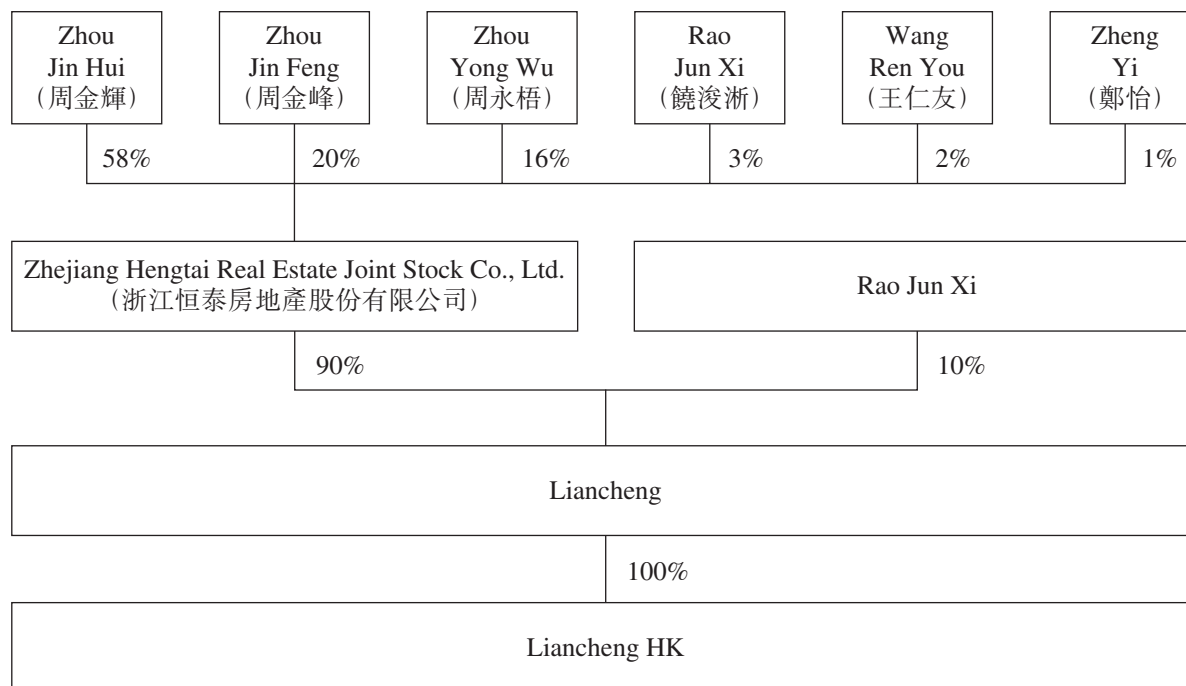
Certain financial information of the Company, as extracted from (i) the annual report of the Company for the year ended 31 December 2005, the date to which the latest audited consolidated financial statements of the Company were made up, (ii) the interim report of the Company for the six months ended 30 June 2006, and (iii) the third quarterly report of the Company for the nine months ended 30 September 2006, the date to which latest unaudited consolidated financial statements of the Company were made up, are set out as follows:

	For the year ended 31 December		For the six months ended	For the nine months ended
	2004 (Audited) RMB'000	2005 (Audited) RMB'000	30 June 2006 (Unaudited) RMB'000	30 September 2006 (Unaudited) RMB'000
Turnover	56,050	66,164	20,082	31,946
Profit/(Loss) before taxation	9,171	(13,607)	(1,217)	(1,306)
Profit/(Loss) attributable to equity holders	<u>6,232</u>	<u>(9,912)</u>	<u>(1,217)</u>	<u>(1,306)</u>
Net assets	<u>47,765</u>	<u>37,853</u>	<u>36,636</u>	<u>Note</u>

*Note:* Net asset was not disclosed in the third quarterly report of the Company for the nine months ended 30 September 2006.

## INFORMATION ON THE OFFEROR

Liancheng HK, a wholly owned subsidiary of Liancheng, is a company incorporated in Hong Kong with limited liability on 10 March 2009. Liancheng HK has not conducted any business since its incorporation. Mr. Zhou Jin Hui (周金輝) is the sole director of Liancheng HK. The Shareholding structure of Liancheng HK is set out as follows:



Liancheng is a joint stock limited company incorporated under the laws of the PRC on 16 March 2006 with a registered capital of RMB50 million. Liancheng is principally engaged in the sales of fire fighting equipment, investment and investment consultancy service (save for those restricted by the PRC government). Liancheng is owned by Zhejiang Hengtai Real Estate Joint Stock Co., Ltd. and Rao Jun Xi as to 90% and 10% respectively.

Zhejiang Hengtai Real Estate Joint Stock Co., Ltd., the controlling shareholder of Liancheng, is a joint stock limited company incorporated under the laws of the PRC on 10 July 1998 with a registered capital of RMB150 million. Zhejiang Hengtai Real Estate Joint Stock Co., Ltd is principally engaged in property development and the sales of construction materials. Zhejiang Hengtai Real Estate Joint Stock Co., Ltd is owned by Zhou Jin Hui, Zhou Jin Feng, Zhou Yong Wu, Rao Jun Xi, Wang Ren You and Zheng Yi as to 58%, 20%, 16%, 3%, 2% and 1% respectively.

Zhou Jin Hui, the controlling shareholder of Zhejiang Hengtai Real Estate Joint Stock Co., Ltd., is also the director of Liancheng HK and Zhejiang Hengtai Real Estate Joint Stock Co., Ltd.. He established Jiangshan Hengtai Real Estate Co. Ltd. (江山市恒泰房地產有限公司) in 1998 which was converted into Zhejiang Hengtai Real Estate Joint Stock Co., Ltd. in 2003. Prior to this, he established Jiangshan Construction Decoration Engineering Ltd. (江山市建築裝飾配套工程有限公司) in 1996. He was the director of Zhejiang Hengtai Real Estate Joint Stock Co., Ltd. (formerly known as Jiangshan Hengtai Real Estate Co. Ltd.) and Jiangshan Construction Decoration Engineering Ltd.. Mr. Zhou completed the Business Administration Programme in the International Business University of Beijing (北京國際商務學院) and the training program for senior manager in Tsinghua University. In addition, he holds the degree of Master of Business Administration from the University of Management and Technology, Commonwealth of Virginia, the United States of America.

Zhou Jin Feng is the executive director of Zhejiang Hengtai Real Estate Joint Stock Co., Ltd. He completed the training program for senior manager in Tsinghua University.

Zhou Yong Wu is the father of Zhou Jin Hui and Zhou Jin Feng (周金峰).

Rao Jun Xi, the general manager of Zhejiang Hengtai Real Estate Joint Stock Co., Ltd, is also the deputy executive general manager of Liancheng. He completed the secretarial program in Wenzhou University (溫州大學), and holds a master degree in economic management from Zhejiang Normal University (浙江師範大學).

Wang Ren You is the deputy executive general manager of Zhejiang Hengtai Real Estate Joint Stock Co., Ltd and the general manager of Zhejiang Hengtai Construction Engineering Co., Ltd. (浙江恒泰建設工程有限公司). He completed the Industrial and non-industrial construction program from Zhejiang University (浙江大學) and also the training program for senior manager in Tsinghua University.

Zheng Yi was the general manager of Anhui Huangshan Qinyuan Real Estates Development Co., Ltd, (安徽省黃山市沁園房地產開發有限公司) (formerly known as Anhui Huangshan Hengtai Real Estates Co., Ltd. (安徽省黃山市恒泰房地產有限公司)). He completed a finance program in Zhejiang Radio and TV University (浙江廣播電視大學).

As disclosed in the paragraphs headed “First Batch Share Transfer Agreements” and “Second Batch Share Transfer Agreements”, Tang Heng Yi, Li Zheng Li, Li Min Zhi and Jiang Zhou owned 8,902,500 Domestic Shares, 20,192,500 Domestic Shares, 9,465,000 Domestic Shares and 13,190,000 Domestic Shares respectively immediately prior to the Transfers. Save as the above, none of Liancheng, the Offeror and parties acting in concert with them owned any Shares or any other securities of the Company prior to the Transfers.

The Offeror or any parties acting in concert with it has not borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company.

Save for the aforesaid, to the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries, the Offeror and its beneficial owners are third parties independent of and not connected with the Company and its connected persons (as defined in the GEM Listing Rules) prior to the Transfer.

## **LIANCHENG’S INTENTION ON THE COMPANY**

Liancheng intends that the Company will continue with its existing principal activities, being the research, development, manufacture and sale of fire fighting equipments in the PRC. Save as disclosed in the paragraph headed “Board Composition of the Company” below, Liancheng has no intention to make any material changes to the existing management, re-deploy the employees or any fixed assets and/or businesses of the Company as a result of the H Share Offer other than those in its ordinary course of business. In view of the loss making history of the Company as indicated in its 2006 quarter results announcements, Liancheng will conduct an operational, business and financial review on the Company after the close of the H Share Offer with a view to formulate a business plan and strategy for streamlining the Company’s existing business operation and to improve the future business development of the Company. The intention of Liancheng is to assist the Company to expand its scale of operation, in order to restore its profitability and to strengthen the shareholders’ value by capitalizing on the business expertise and connection of the shareholders of Liancheng. It is intended that Liancheng would build on the existing foundation of the Company to position the Company as a procurement centre for an alliance of fire fighting equipment dealers in PRC. In this regard,

Liancheng has been in discussion with various fire fighting equipment dealers in the PRC market and has entered into contracts with numerous fire fighting equipment dealers located in different regions of the PRC, appointing Liancheng as an agent for central procurement and distribution. As the Company is principally engaged in the fire fighting equipment business in the PRC, it will be logical for the Company to involve in the alliance contracts between the fire fighting equipment dealers and Liancheng. In this regard, Liancheng intends to conduct a review on the possible restructuring of these contracts, including but not limited to the potential transfer of these contracts and the related business to the Company. The implementation of any such future transfer to the Company will be subject to compliance with all applicable provisions of the GEM Listing Rules and all relevant regulations. As at the date of this joint announcement, Liancheng did not have any concrete plan to inject any assets or business into the Company or to procure the Company to acquire or dispose of any assets following the closing of the H Share Offer.

Given Liancheng's intention to expand the Company's business, Liancheng considers that it is required to strengthen the capital base and enhance the working capital of the Company. In such circumstances, the Company may be required to undertake fund raising exercise, including equity financing, debt financing and/or bank borrowings as the circumstances necessitate.

Trading in the H Shares has remained suspended as at the date of this joint announcement. As stated in the Company's latest announcement dated 30 September 2008, the board meeting to approve the final results of the Company for the year ended 31 December 2006 was further delayed to 28 November 2008 due to the fact that additional time is required by the auditors of the Company to review the outstanding liabilities of the Company. It is the intention of Liancheng to maintain the listing status of the Company on the Stock Exchange after closing of the H Share Offer. Application will be made to the Stock Exchange to resume trading in the H Shares when the financial statements of the Company are published according to the requirements of the GEM Listing Rules.

## **BOARD COMPOSITION OF THE COMPANY**

As at the date of this joint announcement, the executive Directors are Mr. Jiang Zi Qiang, Mr. Liu Zhu Gen and Mr. Chen Yun, the non-executive Directors are Mr. Jiang Zhou, Mr. Li Zheng Li, Mr. Zhao Shu Guang, Mr. Chen Zhen Qiang and Ms. Li Min Zhi and the independent non-executive Directors are Mr. Chen Wen Gui, Mr. Yang Chun Bao and Mr. Wang Guo Zhong.

It is intended that Mr. Jiang Zhou, Mr. Li Zheng Li and Ms. Li Min Zhi will resign as Directors and new Directors will be nominated with effect from the earliest time permitted for resignation and appointment of directors under the Takeovers Code. Details of the change of the Board composition and the biographies of the newly appointed Directors will be announced in due course.

## **MAINTAINING THE LISTING STATUS OF THE COMPANY**

Liancheng intends to maintain the listing of the H Shares on the Stock Exchange after the close of the H Share Offer. The Company and the Offeror will undertake to the Stock Exchange to take appropriate steps as soon as possible following the close of the H Share Offer to ensure that there will be at least the minimum prescribed percentage of Shares held by the public as required by the GEM Listing Rules. As the Company and the Offeror are unable to ascertain at this stage the level of acceptances of the H Shares by the holders of H Shares under the H Share Offer, the aforesaid parties have not decided the exact steps/actions that will be taken by them after the close of the H Share Offer to restore the public float of the Shares, if required. Notwithstanding this, the Company and the Offeror consider that the appropriate actions to be taken shall include placing down of sufficient number of accepted H Shares by the Offeror for this purpose. The Company and the Offeror will issue a separate announcement as and when necessary regarding the decision of any such placing down, if the circumstances warrant.

## **APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER**

An independent financial adviser will be appointed by the Company to act as the independent financial adviser to the Independent Board Committee, comprising Mr. Chen Wen Gui, Mr. Yang Chun Bao and Mr. Wang Guo Zhong, all being the independent non-executive Directors, and advise the Independent Board Committee regarding the terms of the H Share Offer. An announcement will be made by the Company upon the appointment of an independent financial adviser.

Given (i) Mr. Jiang Zhou, Mr. Li Zheng Li and Ms. Li Min Zhi, all being non-executive Directors, are vendors of the Second Batch Share Transfer Agreements, and (ii) Shanghai Hede which is owned by Mr. Zhao Shu Guang, a non-executive Director and Fuzhou Tung Shing which is owned by Mr. Chen Zhen Qiang, a non-executive Director are vendors of the First Batch Share Transfer Agreements, as such, all the non-executive Directors are interested in or involved in the Transfers and are considered not appropriate to be appointed as members to the Independent Board Committee.

## **DEALING DISCLOSURE**

In accordance with Rule 3.8 of the Takeover Code, the Company and the Offeror hereby remind their respective associates and parties acting in concert with them to disclose their dealings in any securities of the Company. For this purpose, reproduced below is the full text of Note 11 to Rule 22 of the Takeovers Code:

### **“Responsibility of stockbrokers, banks and other intermediaries**

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 of the Takeovers Code and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant rules of the Takeovers Code. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7-day period is less than HK\$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

## **GENERAL**

Rule 8.2 of the Takeovers Code provides that an offer document should normally be posted by or on behalf of the Offeror within 21 days from the date of announcement of the H Share Offer. Pursuant to Rule 8.4 of the Takeovers Code, the Company should send a response document in relation to the H Share Offer to the Shareholders within 14 days from the posting of the offer document or such later date as the Executive may approve. It is the intention of the Offeror and the Company that a composite offer and response document setting out details of the H Share Offer (and attaching thereto the relevant acceptance and transfer forms) and incorporating the respective letters of advice from the Independent Board Committee and the independent financial adviser on the H Share Offer will be jointly dispatched by the Offeror and the Company to the Shareholders in accordance with the requirements of the Takeovers Code within 21 days of the date from this joint announcement.

Trading in the H Shares has been suspended with effect from 9:30 a.m. on 21 December 2006. Application will be made by the Company to the Stock Exchange for the resumption of trading in the H Shares, further announcement will be made in this regard in compliance with the GEM Listing Rules.

## DEFINITIONS

In this joint announcement, the following expressions shall have the meanings stated below unless the context otherwise requires:

“associates”	has the same meaning ascribed to it under the GEM Listing Rules
“Board”	board of Directors
“BOCOM”	BOCOM International (Asia) Limited, a company licensed with the SFC to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“CIMB-GK”	CIMB-GK Securities (HK) Limited, a company licensed with the SFC to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance
“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 with limited liability and whose H Shares are listed on GEM
“Director(s)”	director(s) of the Company
“Domestic Shares”	ordinary shares in the share capital of the Company, with a nominal value of RMB0.1 each, which are subscribed for in RMB by PRC nationals and/or PRC incorporated entities
“Executive”	Executive Director of the Corporate Finance Division of the SFC or any of his delegates
“First Batch Share Transfer Agreements”	collectively, 5 share transfer agreements entered into by Liancheng with (i) Li Zheng Li (李錚理) in respect of 5,048,125 Domestic Shares; (ii) Li Min Zhi (李敏智) in respect of 2,366,250 Domestic Shares; (iii) Shanghai Hede in respect of 8,410,000 Domestic Shares; (iv) Fuzhou Tung Shing in respect of 8,410,000 Domestic Shares; and (v) Shanghai Huasheng/Fudan Time Control in respect of 63,300,000 Domestic Shares, and details of which are disclosed in the section headed “First Batch Share Transfer Agreements” of this joint announcement
“Fudan Time-Control”	杭州復旦時控科技有限公司 (Hangzhou Fudan Time-Control Science Technology Co., Ltd.)



“Fuzhou Tung Shing”	福州東晟貿易有限公司 (Fuzhou Tung Shing Trade Company Limited*), a limited liability company established in the PRC
“GEM”	Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	Rules Governing the Listing of Securities on the GEM (as amended from time to time)
“H Shares”	overseas listed foreign shares in the share capital of the Company, with a nominal value of RMB0.10 each, all of which are listed on GEM, and subscribed for and traded in Hong Kong dollars
“H Share Offer”	mandatory unconditional cash offer to be made jointly by CIMB-GK and BOCOM on behalf of Liancheng HK for all the H Shares not already owned or agreed to be acquired by Liancheng HK or parties acting in concert with it in accordance with the Takeovers Code
“H Share Offer Price”	HK\$0.216 per H Share, equivalent to RMB0.18957 at the exchange rate of RMB1: HK\$1.1375
“Highest Consideration”	RMB0.18957, being the highest consideration paid for the acquisition of the Domestic Shares pursuant to the First Batch Share Transfer Agreements and the Second Batch Share Transfer Agreements
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board established under Rule 2.1 of the Takeovers Code to advise the Shareholders on the terms of the H Share Offer
“Last Trading Day”	20 December 2006, being the last trading day of the H Shares on the Stock Exchange prior to the suspension of trading of the H Shares with effect from 9:30 a.m. on 21 December 2006
“Liancheng”	Liancheng Fire-Fighting Group Company Limited* (聯城消防集團股份有限公司), a joint stock limited company incorporated in the PRC
“Liancheng HK” or the “Offeror”	Liancheng Fire Protection Group (Hong Kong) Company Limited, a company incorporated in Hong Kong with limited liability on 10 March 2009 and a wholly owned subsidiary of Liancheng
“Power of Attorney”	collectively, four set of power of attorney given by each of Li Zheng Li (李錚理), Li Min Zhi (李敏智), Tang Heng Yi (湯恒義) and Jiang Zhou (蔣洲), pursuant to which, each of Li Zheng Li (李錚理), Li Min Zhi (李敏智), Tang Heng Yi (湯恒義) and Jiang Zhou (蔣洲) agreed to irrevocably grant the power to exercise the voting rights of an aggregate of 44,335,625 Domestic Shares held by them to Liancheng
“PRC”	People’s Republic of China

“Second Batch Share Transfer Agreements”	collectively, 4 share transfer agreements entered into by Liancheng with (i) Li Zheng Li (李錚理) in respect of 15,144,375 Domestic Shares; (ii) Li Min Zhi (李敏智) in respect of 7,098,750 Domestic Shares; (iii) Tang Heng Yi (湯恒義) in respect of 8,902,500 Domestic Shares; and (iv) Jiang Zhou (蔣洲) in respect of an aggregate of 13,190,000 Domestic Shares, and details of which are disclosed in the section headed “Second Batch Share Transfer Agreements” of this joint announcement
“SFC”	Securities and Futures Commission of Hong Kong
“Shanghai Hede”	上海和德投資諮詢有限公司 (Shanghai Hede Investment and Consultation Company Limited*), a company with limited liability established in the PRC
“Shanghai Huasheng”	上海華盛企業(集團)有限公司 (Shanghai Huasheng Enterprises (Group) Company Limited*), the former controlling Shareholder of the Company
“Shares”	Domestic Shares and H Shares
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“Transfers”	Transfers of the Domestic Shares as contemplated under each of the First Batch Share Transfer Agreements and each of the Second Batch Share Transfer Agreements
“RMB”	Renminbi, the lawful currency of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the sole Director of  
**Liancheng Fire Protection Group**  
**(Hong Kong) Company**  
**Zhou Jin Hui**  
*Director*

By order of the Board  
**Shanghai Qingpu Fire-Fighting**  
**Equipment Co., Ltd.\***  
**Li Zheng Li**  
*Director*

Hong Kong, 17 April 2009

*As at the date of this joint announcement, the executive Directors are Mr. Jiang Zi Qiang, Mr. Liu Zhu Gen and Mr. Chen Yun, the non-executive Directors are Mr. Jiang Zhou, Mr. Li Zheng Li, Mr. Zhao Shu Guang, Mr. Chen Zhen Qiang and Ms. Li Min Zhi and the independent non-executive Directors are Mr. Chen Wen Gui, Mr. Yang Chun Bao and Mr. Wang Guo Zhong.*

*This joint 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 (save for Mr. Jiang Zi Qiang who was not contactable to give his comment on this announcement prior to its release), having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this joint announcement (other than those relating to Liancheng HK, Liancheng and their associates) is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement (other than those relating to Liancheng HK, Liancheng and their associates) in this joint announcement misleading; and (3) all opinions (other than those expressed by Liancheng HK, Liancheng and their associates) expressed in this joint announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable. The Company made various attempts by phone, physical visit or enquired through Mr. Jiang Zi Qiang's son to contact Mr. Jiang Zi Qiang since November 2007 but failed.*

*Mr. Zhou Jin Hui, the sole director of Liancheng HK, accepts full responsibility for the accuracy of the information contained in this joint announcement (other than those relating to the Company) and confirm, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this joint announcement (other than those expressed by the Company) have been arrived at after due and careful consideration and there are no other facts (other than those relating to the Company) not contained in this joint announcement the omission of which would make any statement in this joint announcement misleading.*

*This joint announcement will remain on the "Latest Company Announcement" page of the GEM website for at least 7 days form the date of its publication.*

*\* For identification purpose only*