

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

**VERY SUBSTANTIAL ACQUISITION
AND
CONNECTED TRANSACTION**

The Board is pleased to announce that on 7 November 2012, the Purchasers entered into the Sale and Purchase Agreement with the Vendors (and the Excluded Interest Agreement with the Vendors, Anchor and Special Cylinder as part of the transaction under the Sale and Purchase Agreement), pursuant to which, subject to the terms and conditions thereunder, the Purchasers have conditionally agreed to acquire, and the Vendors have conditionally agreed to sell the entire equity interest in Anchor (excluding the Excluded Interest), for a total consideration of RMB6 million, which has to be paid within 12 months after the completion of the registration procedure for the change of Anchor's shareholders in connection with the Acquisition, and will be satisfied by cash.

According to the applicable Percentage Ratios, the Acquisition exceeds 100% and accordingly constitutes a very substantial acquisition for the Company under Chapter 19 of the GEM Listing Rules and is subject to the shareholders' approval and other relevant requirements under Chapter 19 of the GEM Listing Rules. As at the date of this announcement, approximately 71.05% of the issued Shares of the Company is owned by Liancheng and accordingly Liancheng is a controlling shareholder of the Company under the GEM Listing Rules. As Liancheng is one of the Vendors, the Acquisition therefore also constitutes a connected transaction for the Company under Chapter 20 of the GEM Listing Rules and is subject to approval by the Independent Shareholders at the EGM and the relevant requirements under Chapter 20 of the GEM Listing Rules.

The EGM will be convened to consider and, if thought fit, approve the Sale and Purchase Agreement, the Excluded Interest Agreement and the transactions contemplated under each of them (including the Acquisition and the exclusion of the Excluded Interest in the Acquisition under the Excluded Interest Agreement). Liancheng and its Associates will abstain from voting at the EGM in respect of the resolutions approving the Sale and Purchase Agreement, the Excluded Interest Agreement and the transactions contemplated under each of them (including the Acquisition and the exclusion of the Excluded Interest in the Acquisition under the Excluded Interest Agreement), and the vote exercised by the Independent Shareholders at the EGM shall be taken by poll.

THE INDEPENDENT BOARD COMMITTEE

The Directors are of the view that the terms of the Sale and Purchase Agreement, the Excluded Interest Agreement and the transactions contemplated under each of them (including the Acquisition and the exclusion of the Excluded Interest in the Acquisition under the Excluded Interest Agreement) were negotiated on an arm's length basis between the parties and are on normal commercial terms and fair and reasonable and in the interests of the Company and its Shareholders as a whole.

An Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders in connection with the Sale and Purchase Agreement, the Excluded Interest Agreement and the transactions contemplated under each of them (including the Acquisition and the exclusion of the Excluded Interest in the Acquisition under the Excluded Interest Agreement). The Independent Financial Adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in relation to such matters.

EGM

A circular containing, among other things, particulars of the Sale and Purchase Agreement, the Excluded Interest Agreement and the transactions contemplated under each of them (including the Acquisition and the exclusion of the Excluded Interest in the Acquisition under the Excluded Interest Agreement), the recommendations of the Independent Board Committee, a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders regarding the terms of the Sale and Purchase Agreement, the Excluded Interest Agreement and the transactions contemplated under each of them (including the Acquisition and the exclusion of the Excluded Interest in the Acquisition under the Excluded Interest Agreement), together with the notice convening the EGM, is expected to be sent to the Shareholders on or before 14 December 2012, after taking into consideration the time required for the completion of financial audit of Anchor Group and the obtaining of approval of the resumption proposal by the Stock Exchange.

OTHERS

The Acquisition forms part of the Company's resumption proposal and the Acquisition will only be proceeded if the resumption proposal is approved by the Stock Exchange.

THE SALE AND PURCHASE AGREEMENT

The principal terms of the Sale and Purchase Agreement are set out below:

Date

7 November 2012

Parties

Purchasers: (1) the Company

(2) Liming

Vendors: (1) Liancheng, the controlling shareholder of the Company (as to 90% equity interest in Anchor)

(2) Mr Wang, an Independent Third Party (as to 10% equity interest in Anchor)

The Directors confirmed that if the entire equity interest in Anchor is only acquired by the Company, the legal status of Anchor will then be changed from jointly-invested to wholly and solely owned. Such change will require some of the permits and licences (including the business licence and various production and operation permits) currently held by Anchor be re-registered and/or re-issued. Accordingly, the Company intends to maintain the same number of equity interest holders of Anchor after the Completion (through arranging Liming to acquire 10% of the equity interest in Anchor) in order to avoid incurring unnecessary costs and undergoing extra administrative procedures.

Assets to be acquired

Pursuant to the Sale and Purchase Agreement and subject to the terms and conditions contained therein, among others:

- (i) the Company will purchase, and Liancheng will sell 90% of the equity interest in Anchor;
- (ii) Liming will purchase, and Mr Wang will sell 10% of the equity interest in Anchor; and
- (iii) whilst the entire equity interest of Anchor will be transferred to the Purchasers from the Vendors, the Excluded Interest shall be excluded in the Acquisition and remain vested with the Vendors by way of signing of the Excluded Interest Agreement. Please refer to the sub-sections headed “Background of Special Cylinder and the Relevant Property” and “Excluded Interest” in this section and the section headed “The Excluded Interest Agreement” below for further details.

Consideration

The Consideration is RMB6 million, which was determined on arm’s length negotiation between the parties to the Sale and Purchase Agreement with reference to, among other things, the historical performance and future business prospects of Anchor Group, net asset value of Anchor Group (but excluding the Relevant Property), the acquisition cost of Anchor Group to the Vendors in April 2011, and the Relevant Uncertainty (as defined below) of the Relevant Property. The Consideration has to be paid within 12 months after the completion of the registration procedure for the change of Anchor’s equity interest holders in connection with the Acquisition.

Based on the current market situation, the Board is of the view that the Consideration is fair and reasonable. The Consideration will be satisfied in cash by utilising the existing RMB50 million loan facility from Liancheng. As advised by the Directors, as at 30 September 2012, RMB1.8 million of this loan facility had been drawn and RMB48.2 million was still available for use by the Company.

Conditions Precedent

The Acquisition shall be conditional upon the fulfilment (or waiver thereof) of the following conditions:

- (a) the completion of the due diligence investigation (including but not limited to the legal, financial and business aspects) of Anchor Group undertaken by the Company, and the results of which are (at the sole and absolute judgement of the Company) fully satisfactory to the Company;
- (b) all requisite authorisations, approvals, waivers, permissions or filings under the applicable law, rules and regulations (including but not limited to the GEM Listing Rules) in connection with the entering into the Sale and Purchase Agreement and the Excluded Interest Agreement and the performance of the transactions contemplated under each of them (including the Acquisition and the exclusion of the Excluded Interest in the Acquisition under the Excluded Interest Agreement) (including the approval from the Stock Exchange in relation to the announcements and circulars of the Company in connection with the Acquisition) having been obtained from relevant government authorities, the Stock Exchange and any other regulatory authorities;
- (c) all necessary approvals, consents and authorisations in respect of the entering into the Sale and Purchase Agreement and the Excluded Interest Agreement and the performance of the transactions contemplated under each of them (including the Acquisition and the exclusion of the Excluded Interest in the Acquisition under the Excluded Interest Agreement) and the execution of every necessary document having been obtained;
- (d) the approval/passing by the Stock Exchange of the application for resumption of trading in the H Shares;
- (e) approval by the Independent Shareholders of the necessary resolutions for entering into and performing the Sale and Purchase Agreement, the Excluded Interest Agreement and the transactions contemplated under each of them (including the Acquisition and the exclusion of the Excluded Interest in the Acquisition under the Excluded Interest Agreement) in accordance with the GEM Listing Rules and the memorandum and articles of association of the Company;
- (f) no applicable law, rules and regulations (including but not limited to the GEM Listing Rules) which prohibits the entering into the Sale and Purchase Agreement and the Excluded Interest Agreement and the performance of the transactions contemplated under each of them (including the Acquisition and the exclusion of the Excluded Interest in the Acquisition under the Excluded Interest Agreement);

- (g) none of the warranties and undertakings given by the Vendors under the Sale and Purchase Agreement has been breached in any material aspect before Completion;
- (h) all applicable laws, rules and regulations (including but not limited to the GEM Listing Rules) for entering into the Sale and Purchase Agreement and the Excluded Interest Agreement and the performance of the transactions contemplated under each of them (including the Acquisition and the exclusion of the Excluded Interest in the Acquisition under the Excluded Interest Agreement) having been complied with;
- (i) there has been no material adverse change in respect of Anchor Group from the date of signing of the Sale and Purchase Agreement to the Completion Date;
- (j) completion of audit of Anchor Group within two months from the date of signing of the Sale and Purchase Agreement; and
- (k) completion and provision of all other documents, evidence or matters as reasonably requested by the Purchasers before Completion.

In the event that not all of the Conditions Precedent are fulfilled, or waived, as the case may be, pursuant to the terms of the Sale and Purchase Agreement by 28 February 2013 (or such other date as the parties to the Sale and Purchase Agreement may agree in writing), then the Sale and Purchase Agreement shall be terminated. Upon termination, the parties to the Sale and Purchase Agreement shall be released and discharged from their respective obligations under the Sale and Purchase Agreement, except as otherwise provided in the Sale and Purchase Agreement, any cause of action accrued or any liability arising before such termination shall continue notwithstanding such termination. The Directors confirm that the conditions precedent (a), (g), (i) and (k) can be waived by the Company and the conditions precedent (g), (i) and (k) can be waived by Liming. Currently the Company and Liming do not have any intention to waive any of these conditions precedent.

Completion

Completion shall take place on the Completion Date, being the fifth Business Day following the fulfilment (or waiver thereof) of the Conditions Precedent or such other date as the parties to the Sale and Purchase Agreement may agree in writing.

Completion of the sale and purchase of the 90% equity interest in Anchor from Liancheng to the Company and the completion of the sale and purchase of the 10% equity interest in Anchor from Mr Wang to Liming shall take place simultaneously. Upon completion of the Acquisition, the Company will directly hold 90% of the equity interest in Anchor, and Liming, a subsidiary of the Company of which 90% of its equity interest is held by the Company, will hold 10% of the equity interest in Anchor. Accordingly the Group will hold 99% equity interest in Anchor.

Background of Special Cylinder and the Relevant Property

Special Cylinder is a subsidiary of Anchor. According to the supplemental agreement entered into between, Shanghai High Pressure, the former equity interest holder of Special Cylinder, and Shanghai Yangjing Industrial Co.* (上海洋涇工業公司) (“**Yangjing**”) in 2002, it was agreed that some of the assets contributed by Shanghai High Pressure were over-stated, and to rectify such discrepancy, the profit-sharing ratio of Shanghai High Pressure was adjusted from 60% to 54%, and Yangjing’s from 40% to 46%. In 2007, Anchor acquired the 60% equity interest in Special Cylinder from Shanghai High Pressure. As advised by the PRC legal advisers to the Company, the profit sharing ratio among the shareholders of Special Cylinder may differ from their respective capital contribution ratio if all shareholders have entered into a separate agreement specifying their respective profit sharing ratio. As confirmed by the Directors, Anchor was aware of and accepted the revised profit sharing ratio when it acquired the 60% equity interest in Special Cylinder from Shanghai High Pressure, and the Company has no intention to revise the profit sharing ratio in Special Cylinder with Yangjing after completion of the Acquisition. As advised by the PRC legal advisers to the Company, the revised profit sharing ratio in the Supplemental Agreement was, and is, binding upon Anchor when Anchor became a shareholder of Special Cylinder.

According to the business licence of Special Cylinder, the total registered capital amounted to RMB19.17 million. The capital contribution by Yangjing for the subscription of the 40% equity interest in Special Cylinder was to be made by transferring the legal title of the Relevant Property to Special Cylinder. The legal title of the Relevant Property was held by Shanghai Guangyang Enterprise Development Corp.* (上海廣洋企業發展總公司) (“**Guangyang**”), which is the holding company of Yangjing. Although Yangjing failed to procure the transfer of the legal title of the Relevant Property from Guangyang to Special Cylinder as capital contribution, and the relevant legal procedure for the transfer of the title ownership of the Relevant Property from Guangyang to Special Cylinder has not been completed as at the date of this announcement (the “**Relevant Failure**”), Yangjing had already subscribed for its 40% equity interest in Special Cylinder and the Relevant Property had been used by Special Cylinder. As a result of the Relevant Failure, Guangyang is still the legal owner of the Relevant Property but Special Cylinder is not as at the date of this announcement, and there is uncertainty as to Special Cylinder’s entitlement/ownership in the Relevant Property (the “**Relevant Uncertainty**”).

As advised by the PRC legal advisers to the Company, (i) the entity(ies) recorded in the register of equity interest holders shall be recognised as the legal equity interest holders of the company and such entity(ies) can legally claim and exercise its rights as an equity interest holder of the company; (ii) Yangjing was, and is, recorded in the Company Shareholder (Promoter) Investment Information (公司股東(發起人)出資信息) of Special Cylinder, which is a type of register of equity interest holders, as the holder of 40% equity interest in Special Cylinder, and therefore, Yangjing was, and is, the legal holder of the 40% equity interest in Special Cylinder; and (iii) Yangjing’s status as the legal holder of 40% equity interest in Special Cylinder shall not be affected by the failure of Yangjing in completing its capital contribution obligation but pursuant to the PRC Company Law and judicial interpretations thereto, Special Cylinder is entitled to require Yangjing to procure the transfer of the legal title of the Relevant Property from Guangyang to Special Cylinder.

The Directors confirmed that the Relevant Property is of importance to Anchor Group as the Relevant Property is the principal production facility occupied by Special Cylinder to manufacture cylinders, and the Directors intend to continue to utilise the Relevant Property as the production facility of Special Cylinder after the Acquisition.

The Directors confirmed that the principal operation of Special Cylinder, located in the Relevant Property, may be affected by the urban redevelopment plan. In January 2009, the People's Government of Pudong New District of Shanghai* (上海市浦東新區人民政府) agreed in principle with a development plan submitted by the New District Development Committee* (新區發展改革委) (the "**Plan**"). According to the Plan, a park will be developed in the area where the Relevant Property is situated and all the industrial buildings situated there will be demolished.

However, as advised by the Directors, (i) Special Cylinder intends to continue its principal operation in the Relevant Property until and unless it receives a Relocation Order (as defined below); (ii) Special Cylinder or Anchor Group has not yet received any order or notice requesting Special Cylinder to move out from the Relevant Property, cease production or operation, or demolish any of the buildings of the Relevant Property; (iii) the Plan has not been implemented and no time schedule in respect of the implementation of the Plan has been announced or issued yet; (iv) the Directors are not aware of when the relevant redevelopment schedule will be announced or issued; and (v) when the relevant redevelopment schedule is announced, Special Cylinder would arrange for relocation to other premises.

The Directors confirm that the Company possesses the realty title certificates of factory premises situated at 777 Chonggu Town Main Street and Chonggu Town South Street, Qingpu District, Shanghai (the "**Chonggu Property**") with a total gross floor area of approximately 8,000 m². The Chonggu Property is currently subject to a lease entered into between the Company and an Independent Third Party (the "**Chonggu Lease**"). The Chonggu Lease is due to expire in November 2016 and is subject to a first right of refusal to renew under the equal terms offered by the Company to any third party. If such first right of refusal is not exercised, the Chonggu Lease will not be renewed. The Directors confirm that the Chonggu Property, with factory premises comparable to those of the Relevant Property in terms of the total gross floor area, is suitable for use as the permanent principal operation of Special Cylinder.

In view of the availability of the Chonggu Property in December 2016, the Company has the following plans (the "**Contingency Plans**") to address the possible impact on Anchor Group's operations if the PRC government (or its authorised administrative authorities), in accordance with the PRC laws and regulations, orders Special Cylinder to leave the Relevant Property and to relocate the facilities currently situated at the Relevant Property (the "**Relocation Order**"):

- (i) if the Relocation Order is made but no suitable replacement property (the "**Replacement Property**") is arranged or provided by the authorities to Special Cylinder and the Chonggu Property is not available to be leased by the Company to Special Cylinder, Special Cylinder will find and obtain lease of suitable factory premises to house its principal operation and Liancheng will reimburse Special Cylinder/Anchor for (i) the relocation expenses incurred and (ii) the rental

expenses incurred during the period after a Relocation Order is made and before the principal operation of Special Cylinder is moved into the Chonggu Property, to the extent that such relocation/rental expenses are not covered by any relocation/rental compensation received by Special Cylinder/Anchor from the authorities;

- (ii) if the Relocation Order is made but no Replacement Property is arranged or provided by the authorities to Special Cylinder and the Chonggu Property is available to be leased by the Company to Special Cylinder, Special Cylinder will enter into a lease with the Company for the Chonggu Property at market rate and Liancheng will reimburse Special Cylinder/Anchor for the relocation expenses incurred to the extent that such relocation expenses are not covered by any relocation compensation received by Special Cylinder/Anchor from the authorities; and
- (iii) if the Relocation Order is made but the Replacement Property is arranged or provided by the authorities to Special Cylinder, the principal operation of Special Cylinder will be relocated to that Replacement Property.

The Directors confirm that the Contingency Plans are the current plans of the Directors but the Contingency Plans are subject to change in the future with reference to various factors, including but not limited to the feasibility of relocating the principal operation of Special Cylinder twice if the Relocation Order is made shortly before 2016, the opportunity costs of using the Chonggu Property/ the Replacement Property as principal operation of Special Cylinder instead of leasing it out, the suitability of the Replacement Property to be used for the principal operation of Special Cylinder, early termination of the Chonggu Lease, government specific orders etc.

Excluded Interest

To minimise the uncertainty arising from the Relevant Uncertainty, which the Purchasers will have to bear from acquiring Anchor, the parties to the Sale and Purchase Agreement agree that the Excluded Interest shall be excluded in the Acquisition and remain vested with the Vendors by way of the signing of the Excluded Interest Agreement for the following reasons:

- (i) the title of the Relevant Property is unclear as a result of the Relevant Uncertainty, and the exclusion of the Excluded Interest in the Acquisition can prevent the Purchasers from acquiring the asset of which the title is not absolutely clear; and
- (ii) it is very difficult for the Relevant Failure to be rectified before the Completion and in the near future as the Relevant Property has now been included in the government urban redevelopment plan and any transfer of legal title of the Relevant Property is temporarily prohibited.

THE EXCLUDED INTEREST AGREEMENT

To exclude the Excluded Interest in the Acquisition, the Vendors, Purchasers, Anchor and Special Cylinder entered into the Excluded Interest Agreement on 7 November 2012.

The purpose of the Excluded Interest Agreement is to serve as an instrument to implement the exclusion of the Excluded Interest in the Acquisition upon the Completion. The Excluded Interest Agreement, which takes effect starting from the Completion Date, specifically sets out the rights and responsibilities of the parties involved (including Anchor and Special Cylinder, in addition to the parties to the Sale and Purchase Agreement) in connection with the Excluded Interest after the Completion.

Pursuant to the Excluded Interest Agreement, the parties thereto agreed that:

- (i) the Excluded Interest shall be excluded in the Acquisition and starting from the Completion Date, it shall remain vested with the Vendors;
- (ii) the Vendors undertake not to exercise their rights and interests in respect of the Excluded Interest (other than their rights and interests to receive the proceeds or compensation as provided under the Excluded Interest Agreement) starting from the Completion Date against the Purchasers, Anchor or Special Cylinder, and undertake not to intervene the Purchasers, Anchor and Special Cylinder from using the Relevant Property for free;
- (iii) the Vendors will be responsible for handling the dispute with Guangyang and/or Yangjing in connection with the Relevant Property. If the Purchasers, Anchor or Special Cylinder suffer any losses or incur any expenses from any dispute arising from the Relevant Property, the Vendors shall fully indemnify the Purchasers for such losses or expenses;
- (iv) the Vendors may require the assistance of the Purchasers, Anchor or Special Cylinder for the purpose of proceeding any claims in connection with the Relevant Property, provided that for all the reasonable costs, responsibilities, damages or expenses incurred by the Purchasers, Anchor or Special Cylinder for such purpose, the Purchasers are fully indemnified by the Vendors;
- (v) if after Completion, the legal title of the Relevant Property is transferred to Special Cylinder, and upon the disposal of the Relevant Property by Special Cylinder or upon the demolition of the Relevant Property in accordance with government order, 54% (i.e. the percentage of profit and loss sharing of Anchor in Special Cylinder) of the proceeds or compensation of the sale from or from the demolition of the Relevant Property received by Special Cylinder shall be returned to the Vendors; and

- (vi) if Yangjing/Guangyang disposes of the Relevant Property or return the Relevant Property to the authorities in return for compensation, 54% of the damages, compensation and/or the value of the assets received thereby by Special Cylinder from Guangyang/Yangjing in any action or legal action taken against Guangyang/Yangjing for capital contribution by Special Cylinder shall be returned to the Vendors for the Excluded Interest.

The Excluded Interest Agreement gives the following benefits to the Company, Anchor and Special Cylinder:

- (i) using the Relevant Property free from the intervention of the Vendors for free;
- (ii) specifying that the handling of the dispute in relation to the Relevant Property with Yangjing and/or Guangyang shall be the responsibility of the Vendors but not the Purchasers'; and
- (iii) if the Purchasers, Anchor or Special Cylinder suffers any losses or incur any expenses from any dispute arising from the Relevant Property, the Vendors shall fully indemnify the Purchasers for such losses or expenses.

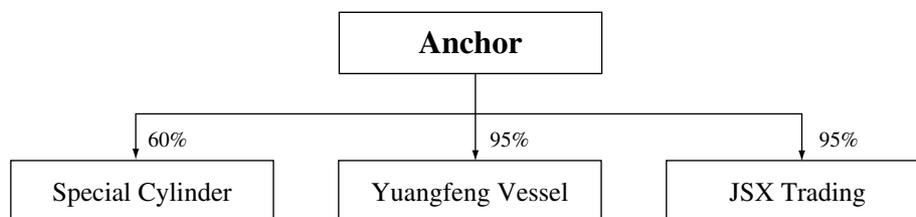
As explained above, since Special Cylinder is entitled to require Yangjing to procure the transfer of the legal title of the Relevant Property from Guangyang to Special Cylinder as outstanding capital contribution for the subscription of 40% equity interest in Special Cylinder by Yangjing (and as advised by the PRC legal advisers to the Company, Special Cylinder is not required to pay any consideration to Yangjing/Guangyang for such transfer), accordingly it is provided in the Excluded Interest Agreement that if the legal title of the Relevant Property is transferred to Special Cylinder and if the Relevant Property is disposed of or demolished according to government order, 54% of the proceeds or compensation received therefrom by Special Cylinder will be returned to the Vendors for the Excluded Interest.

However, as advised by the PRC legal advisers to the Company, if the Relevant Property is disposed of by Yangjing/Guangyang to other party or returned by Yangjing/Guangyang to the PRC authorities in return for compensation, Yangjing will no longer be able to fulfil its capital contribution obligation and Special Cylinder can take legal action against Yangjing for the capital contribution. In that case, 54% of the damages, compensation and/or the value of the assets received thereby by Special Cylinder from Guangyang/Yangjing in any action or legal action taken against Guangyang/Yangjing for capital contribution by Special Cylinder shall be returned to the Vendors for the Excluded Interest.

INFORMATION OF ANCHOR GROUP

Anchor holds 95% equity interest in JSX Trading, 95% equity interest in Yuanfeng Vessel, and 60% equity interest in (54% in profit and loss sharing of) Special Cylinder, respectively.

The group structure of Anchor Group is set out below:



The business scope of each member of Anchor Group, according to their respective business licence, is set out in the table below:

Company name	Business scope
Anchor	manufacture and sales of seamless gas cylinders and Category I pressure vessels; import and export of goods and technology; investment and asset management; financial (excluding provision of book keeping services), corporate management, business information and technology consultation, exhibition services)
Special Cylinder	manufacture and processing of metal vessels and accessories and medical machine and accessories; installation of typical machine and electrical machine
Yuanfeng Vessel	sales of metal vessels and pressure vessels; cold processing of sheet metal
JSX Trading	import and export of goods and technology; sales of detergent products, chemical raw materials and products (excluding dangerous goods), machine and equipment and communication equipment, boiler pressure vessels, building decoration materials; and business information consultancy

Anchor Group is engaged in the manufacture and sale of cylinders as well as international trading business. As advised by the Directors, the major customers of Anchor Group comprise trading companies, manufacturers of fire-fighting systems, liquefied petroleum gas (LPG) and compressed natural gas (CNG) equipment, boilers, life rafts and inflatable rubber products, and gas suppliers. Major suppliers of Anchor Group include suppliers of metal sheets, steel tubes, valves, and parts.

Anchor Group possesses the Manufacture Licence of Special Equipment (特種設備製造許可證) for high-pressure vessels, seamless gas cylinders, welded gas cylinders, special gas cylinders, Category I pressure vessels, and Category II low and medium pressure vessels, and the Manufacture Enterprise Licence of Medical Equipment (醫療器械生產企業許可證) for the manufacture of Category II gas equipment for medical use.

Anchor Group was based in Shanghai with its production facilities located at:

Company	Location
Special Cylinder	No. 18, Lane 575, Jujiaqiao Road, Pudong New Area, Shanghai (上海市浦東新區居家橋路575弄18號) (i.e. the Relevant Property)
Yuanfeng Vessel	No. 648, Nanqiao Road, Nanqiao Town, Fengxian District, Shanghai (上海市奉賢區南橋鎮南橋路648號)

The senior management of Anchor Group include:

Mr Li Zhengli (李錚理), aged 61, a director, the general manager and legal representative of Anchor. Mr Li joined Anchor in 2007. He is also the vice-president of Shanghai Mingyuan Industrial (Group) Co., Ltd.* (上海銘源實業集團有限公司). Mr Li was conferred the qualifications of Senior Economist in 1995 by the Advanced Professional Skill Occupational Qualification Assessment Committee of Economic Series (Manufacture Field) of Shanghai* (上海市經濟系列(生產領域)高級專業技術職務任職資格評審委員會) and Senior Occupational Manager (Grade 1) (高級職業經理人(一級)) in 2004 by the Appraisal Centre of Occupational Capability of Shanghai* (上海市職業技能鑒定中心). Mr Li completed the studies of the American Market Economy System as offered by Queens College, City University of New York, the USA in 1995 and was given the degree of Master of Business Administration (External) in 1999 and the Graduate Diploma in Business Administration (External) in 1997 by Monash University, Australia.

Mr Shao Jiuyan (邵久延), aged 58, a director of Anchor. He has been the general manager of Shanghai High Pressure since 2006. Mr Shao was conferred the qualification of Senior Occupational Manager (Grade 1) (高級職業經理人(一級)) in 2009 by the Appraisal Centre of Occupational Capability of Shanghai (上海市職業技能鑒定中心).

Mr Shi Huixing (史惠星), aged 54, a director and the general manager of Special Cylinder. Mr Shi worked in Shanghai High Pressure during the periods from 1976 to 1984 and from 1986 to 2001. He has been working in Special Cylinder since 2007. Mr Shi graduated from the Shanghai Light Industry Bureau Committee China Communist Party School (中共上海市輕工業局委員會黨校) in political party management (政黨管理) in 1992 and was conferred the qualification of Senior Occupational Manager (Grade 1) (高級職業經理人(一級)) in 2009 by the Appraisal Centre of Occupational Capability of Shanghai (上海市職業技能鑒定中心).

Mr Wei Xiaowei (魏曉微), aged 36, the general manager of Yuanfeng Vessel. He joined Anchor Group in 2007. He was the deputy general manager and financial controller of Chongqing Yifeng High-Pressure Container Co., Ltd.* (重慶益峰高壓容器有限責任公司) during the period from 2007 to 2010 and the general manager of Yuanfeng Vessel since 2010. Mr Wei was conferred the qualification of Senior Occupational Manager (Grade 1) (高級職業經理人(一級)) in 2011 by the

Appraisal Centre of Occupational Capability of Shanghai (上海市職業技能鑒定中心) and he is studying the master of business administration at Zhongnan University of Economics and Law (中南財經政法大學).

The Directors intend to retain the above senior management of Anchor Group and currently they do not have any intention to appoint any of them to the Board at present.

Set out below are certain unaudited consolidated financial information of Anchor Group for each of the two financial years ended 31 December 2011:

	For the year ended 31 December 2010 (RMB'000)	For the year ended 31 December 2011 (RMB'000)
Net (losses)/profits before tax	(3,398)	2,366
Net (losses)/profits after tax	(4,208)	1,545

The unaudited consolidated net asset value of Anchor Group, including the Relevant Property, as at 31 March 2012 was approximately RMB35.47 million.

Liancheng and Mr Wang acquired from Shanghai Mingyuan Investment Management Co., Ltd.* (上海銘源投資管理有限公司) (“**Mingyuan Investment**”) and Li Zhengli (李錚理) the 90% and 10% equity interest in Anchor at a consideration of RMB22.5 million and RMB2.5 million respectively, in April 2011. The Directors confirm that Liancheng’s acquisition of Anchor Group was mainly based on the then net asset value of Anchor Group (including the Relevant Property). The controlling shareholder of Mingyuan Investment is also the controlling shareholder of Shanghai Huasheng, the former controlling shareholder of the Company, and Li Zhengli was a former director of the Company. To the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, Mr Wang is an Independent Third Party.

PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY AND LIANCHENG

The Group is principally engaged in the research and development, manufacture and sale of fire-fighting equipment and pressure vessels. It also provides fire consulting and testing services. The Company intends to continue on its existing business after the Acquisition.

Liancheng is principally engaged in the sale of fire-fighting equipment, provision of fire engineering services, public utility and other engineering services, imports and exports, investment and investment consulting.

REASONS FOR AND BENEFITS OF THE ACQUISITION

As stated in the annual report of the Company for the year ended 31 December 2011, the Group is dedicated to implementing a medium to long term strategic development plan with the aim of enhancing its profitability and growth by means of mergers and acquisitions when suitable opportunities and favourable conditions are available.

The Directors are of the view that the Acquisition will help the Company to expand, diversify and develop new markets for its pressure vessel business as Anchor manufactures pressure vessels, such as gas cylinders for medical equipment, military use, liquefied petroleum gas (LPG) and compressed natural gas (CNG) cylinders for motor vehicles, which the Company does not manufacture at present. In addition, JSX Trading, a subsidiary of Anchor, was one of the major customers of the Company and was mainly engaged in international export and import business. After the Acquisition, the Company could utilise JSX Trading to further develop the overseas market for its products. Accordingly, the Group entered into the Sale and Purchase Agreement and the Excluded Interest Agreement to implement the Acquisition. After the Acquisition, the Company intends to continue the existing business of Anchor Group and to improve its operation efficiency and reduce overheads.

The Directors believe that the terms of the Sale and Purchase Agreement, the Excluded Interest Agreement and the transactions contemplated under each of them (including the Acquisition and the exclusion of the Excluded Interest in the Acquisition under the Excluded Interest Agreement) were negotiated on an arm's length basis between the parties and are on normal commercial terms and fair and reasonable and in the interests of the Company and its Shareholders as a whole.

IMPLICATIONS UNDER THE GEM LISTING RULES

According to the applicable Percentage Ratios, the Acquisition exceeds 100% and accordingly constitutes a very substantial acquisition for the Company under Chapter 19 of the GEM Listing Rules and is subject to the shareholders' approval and other relevant requirements under Chapter 19 of the GEM Listing Rules. As at the date of this announcement, approximately 71.05% of the issued Shares of the Company is owned by Liancheng and accordingly Liancheng is a controlling shareholder of the Company under the GEM Listing Rules. As Liancheng is one of the Vendors, the Acquisition therefore also constitutes a connected transaction for the Company under Chapter 20 of the GEM Listing Rules and is subject to approval by the Independent Shareholders at the EGM and the relevant requirements under Chapter 20 of the GEM Listing Rules.

THE INDEPENDENT BOARD COMMITTEE

An Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders in connection with the Sale and Purchase Agreement, the Excluded Interest Agreement and the transactions contemplated under each of them (including the Acquisition and the exclusion of the Excluded Interest in the Acquisition under the Excluded Interest Agreement). The Independent Financial Adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in relation to such matters.

EGM

The EGM will be convened to consider and, if thought fit, approve the Sale and Purchase Agreement, the Excluded Interest Agreement and the transactions contemplated under each of them (including the Acquisition and the exclusion of the Excluded Interest in the Acquisition under the Excluded Interest Agreement). Liancheng and its Associates will abstain from voting at the EGM in respect of the resolutions approving the Sale and Purchase Agreement, the Excluded Interest Agreement and the transactions contemplated under each of them (including the Acquisition and the exclusion of the Excluded Interest in the Acquisition under the Excluded Interest Agreement), and the vote exercised by the Independent Shareholders at the EGM shall be taken by poll.

A circular containing, among other things, particulars of the Sale and Purchase Agreement, the Excluded Interest Agreement and the transactions contemplated under each of them (including the Acquisition and the exclusion of the Excluded Interest in the Acquisition under the Excluded Interest Agreement), the recommendations of the Independent Board Committee, a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders regarding the terms of the Sale and Purchase Agreement, the Excluded Interest Agreement and the transactions contemplated under each of them (including the Acquisition and the exclusion of the Excluded Interest in the Acquisition under the Excluded Interest Agreement), together with the notice convening the EGM, is expected to be sent to the Shareholders on or before 14 December 2012, after taking into consideration the time required for the completion of financial audit of Anchor Group and the obtaining of approval of the resumption proposal by the Stock Exchange.

OTHERS

The Acquisition forms part of the Company's resumption proposal and the Acquisition will only be proceeded if the resumption proposal is approved by the Stock Exchange. A proposal to apply for the resumption of trading in the H Shares of the Company has been submitted to the Stock Exchange for its consideration, in particular, whether the Company has sufficient level of operations and working capital as a going concern, as well as adequate financial reporting system and internal control procedures.

SUSPENSION OF TRADING

Dealing in the H Shares has been suspended since 21 December 2006. The Stock Exchange has proposed to exercise its right to cancel the listing of the H Shares on the GEM under Rule 9.14 of the GEM Listing Rules. Under Rule 9.15 of the GEM Listing Rules, the Stock Exchange has served a notice on 26 February 2010 to the Company giving a period of six months for the submission of a viable resumption proposal to the Stock Exchange. If the Company has not submitted a viable resumption proposal as required, the Stock Exchange intends to cancel the listing of the Company on the expiry of the six months period from the date of the notice (i.e. 25 August 2010). Please refer to the Company's announcement dated 26 March 2010 for details.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Acquisition”	the acquisition of the entire equity interest in Anchor (excluding the Excluded Interest) by the Purchasers under the Sale and Purchase Agreement
“Anchor”	上海鐵錨壓力容器(集團)有限公司 (Shanghai Anchor Pressure Vessel (Group) Co., Ltd.*), formerly known as 上海元支高壓容器有限公司 (Shanghai Yuanzhi Pressure Vessel Co., Ltd.*), a company incorporated in the PRC
“Anchor Group”	Anchor and its subsidiaries, namely Special Cylinder, Yuanfeng Vessel, and JSX Trading
“Associates”	has the meaning ascribed thereto in the GEM Listing Rules, unless otherwise specified
“Board”	the board of Directors
“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 whose shares are listed on the GEM Board of the Stock Exchange
“Completion”	completion of the sale and purchase of the entire equity interest of Anchor under the Sale and Purchase Agreement
“Completion Date”	the date on which Completion takes place under the Sale and Purchase Agreement
“Conditions Precedent”	conditions precedent to the Completion under the Sale and Purchase Agreement
“Connected Person”	has the meaning ascribed thereto in the GEM Listing Rules
“Consideration”	the aggregate consideration of the Acquisition of RMB6 million payable by the Purchasers to the Vendors under the Sale and Purchase Agreement
“Director(s)”	director(s) of the Company

“Domestic Shares”	ordinary shares 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
“EGM”	an extraordinary general meeting of the Shareholders to be convened for the purpose of, among other things, considering and, if thought fit, approving the Sale and Purchase Agreement, the Excluded Interest Agreement and the transactions contemplated under each of them (including the Acquisition and the exclusion of the Excluded Interest in the Acquisition under the Excluded Interest Agreement)
“Excluded Interest”	the right to claim, interests and benefits arisen and derived from the Relevant Property as belonged to Anchor through its interest in Special Cylinder, which will be excluded in the Acquisition and remained vested with the Vendors by way of the signing of the Excluded Interest Agreement
“Excluded Interest Agreement”	the agreement to be entered into between the Vendors, the Purchasers, Anchor and Special Cylinder in relation to the exclusion of the Excluded Interest in the Acquisition
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“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 dollar
“Independent Board Committee”	an independent board committee of the Board comprising, <i>Mr Wang Guo Zhong, Mr Yang Chun Bao and Mr Zhang Cheng Ying</i> , being all independent non-executive Directors, which has been established to make recommendation to the Independent Shareholders in respect of the Sale and Purchase Agreement, the Excluded Interest Agreement and the transactions contemplated under each of them (including the Acquisition and the exclusion of the Excluded Interest in the Acquisition under the Excluded Interest Agreement)

“Independent Financial Adviser”	the independent financial adviser to be appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Sale and Purchase Agreement, the Excluded Interest Agreement and the transactions contemplated under each of them (including the Acquisition and the exclusion of the Excluded Interest in the Acquisition under the Excluded Interest Agreement)
“Independent Shareholders”	those shareholders of the Company who are not required to abstain from voting at the EGM under the GEM Listing Rules
“Independent Third Party”	person(s) or company(ies) and their respectively ultimate beneficial owner(s) which, to the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, are third parties independent of and not connected with the Company and its Connected Persons
“JSX Trading”	上海元蓬國際貿易有限公司 (Shanghai J.S.X. International Trading Corporation*), a company established in the PRC and is owned as to 95% by Anchor
“Liancheng”	聯城消防集團股份有限公司 (Liancheng Fire-Fighting Group Company Limited*), a company established in the PRC and is the controlling shareholder of the Company
“Liming”	上海黎明消防檢測有限公司 (Shanghai Liming Fire Testing Co., Ltd.*), a company established in the PRC, of which 90% and 10% of its equity interest is owned by the Company and Xing Lijuan (邢麗娟) respectively as of the date of this announcement
“Mr Wang”	王升 (Wang Sheng), an Independent Third Party
“Percentage Ratios”	shall have the meaning as ascribed to it under Chapter 19 of the GEM Listing Rules
“PRC”	the People’s Republic of China, for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Purchasers”	the Company and Liming

“Relevant Property”	the property and buildings constructed thereon, all of which are situated at No. 18, Lane 575, Jujiaqiao Road, Pudong New Area, Shanghai (including land use right of 16,762 m ² and 13 buildings of a total construction area of 8,833.78 m ² situated thereon). The Relevant Property is presently occupied by Special Cylinder, a subsidiary of Anchor
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	the conditional agreement dated 7 November 2012 entered into between the Vendors and the Purchasers in relation to the sale and purchase of the entire equity interest in Anchor
“Shanghai High Pressure”	上海高壓容器有限公司 (Shanghai High Pressure Container Co., Ltd.*), formerly known as 上海高壓容器廠 (Shanghai High Pressure Container Factory*), a company established in the PRC
“Shanghai Huasheng”	上海華盛企業(集團)有限公司 (Shanghai Huasheng Enterprises (Group) Co., Ltd.*), a company established in the PRC
“Share(s)”	Domestic Shares and H Shares
“Shareholder(s)”	holder(s) of the Shares
“Special Cylinder”	上海高壓特種氣瓶有限公司 (Shanghai Pressure Special Gas Cylinder Co., Ltd.*), formerly known as 上海高壓容器廠洋涇分廠 (Shanghai High Pressure Container Factory Yangjing Branch Factory*), a company established in the PRC and is owned by Anchor as to 60% in equity interest and 54% in sharing of profit and loss
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendors”	Liancheng and Mr Wang
“Yuanfeng Vessel”	上海元奉高壓容器有限公司 (Shanghai Yuanfeng Pressure Vessel Co., Ltd.*), a company established in the PRC and is owned as to 95% by Anchor

“%”

per cent

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

Hong Kong, 7 November 2012

As at the date of this announcement, the executive Directors are Mr Zhou Jin Hui, Mr Gong Xu Lin and Mr Shen Jian Zhong; the non-executive Directors are Ms Chai Xiao Fang and Ms Wang Xiang; 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 be published on the GEM website on the “Latest Company Announcement” for at least 7 days from the date of publication.

* for identification purposes only