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

## **RESIGNATION AND APPOINTMENT OF AUDITORS**

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During the Auditors' audit of the Company's financial statements for the year ended 31 December 2004 for inclusion in the Company's 2004 annual report to be published on or before 31 March 2005, it was brought to the attention of the Directors by the Auditors that the Company had failed to strictly comply with the relevant requirements of the GEM Listing Rules in respect of the Transactions.

In order to enable the Auditors to complete their audit in time in accordance with the GEM Listing Rules, the Auditors had requested the Company to provide them with certain information and papers in respect of the Transactions on or before 2 March 2005. The Company had replied to some of the questions posted by the Auditors in a letter dated 3 March 2005. The Company agreed to follow up with the remaining questions and provide additional information and documents to the Auditors. The Company also agreed to provide further explanations as to the inconsistency in the representations provided to the Auditors. While the Company was preparing and correlating for the remaining questions and additional information and documents, the Auditors tendered their formal notice of resignation on 11 March 2005 with immediate effect.

The New Auditors have been nominated as the new joint auditors of the Company on 16 March 2005 and the New Auditors have commenced audit planning work on the accounts of the Company on the same date. Subject to the New Auditors receiving the clearance letter from the Auditors, the Company will use its best endeavour to publish the results of the Group on 31 March 2005.

The Company will issue an announcement on or before 31 March 2005 setting out the details of each of the Transactions and the GEM Listing Rules of which the Company had failed to strictly comply. The Stock Exchange has expressed to the Company that it reserves the right to take appropriate actions against the Company and the Directors for such breach of the GEM Listing Rules.

### **RESIGNATION AND APPOINTMENT OF AUDITORS**

During the Auditors' audit of the Company's financial statements for the year ended 31 December 2004 for inclusion in the Company's 2004 annual report to be published on or before 31 March 2005, it was brought to the attention of the Directors by the Auditors that the Company had failed to strictly comply with the relevant requirements of the GEM Listing Rules in respect of the following transactions (the "**Transactions**"):

*\* For identification purpose only*

- i) change of Use of Proceeds, in which the Company intended to purchase 4,050 tonnes of raw materials, namely seamless steel pipes, from independent third parties with the proceeds from the initial public offer of RMB12,812,690 which deviates from the Use of proceeds. Subsequently, the Purchase was cancelled due to failure to deliver by the supplier, the proceeds from the initial public offer for the payment of the acquisition of various equipments which was inline with the Use of Proceeds;
- ii) major and connected transaction regarding the agreements with an aggregate contract value of RMB12,812,690 entered into by the Company pursuant to which the Company acquired various equipments forming a production line for the manufacture of pressure cylinders; and
- iii) continuing connected transactions regarding sales transactions conducted by the Company.

In order to enable the Auditors to complete their audit in time in accordance with the GEM Listing Rules, the Auditors had requested the Company to provide them with certain additional information and papers in respects of the Transactions on or before 2 March 2005. The Company had replied to some of the questions posted by the Auditors in a letter dated 3 March 2005. The Company agreed to follow up with the remaining questions and provide additional information and documents to the Auditors. The Company also agreed to provide further explanations as to the inconsistency in the representations provided to the Auditors. While the Company was preparing and correlating for the remaining question and additional information and documents, the Auditors tendered their formal notice of resignation on 11 March 2005 with immediate effect.

In the letter from the Auditors dated 11 March 2005, the Auditors set out the reasons for them to resign as the auditors of the Company as follows:

- 1) the Reply did not satisfactorily address a number of the Auditors enquires and concerns raised in the Auditors' letter dated 21 February 2005;
- 2) the Reply did not provide the Auditors with the additional documents as requested in the Auditors' letter dated 21 February 2005; and
- 3) some of the Company's explanations in the Reply were inconsistent with the representations previously provided to the Auditors by the management of the Company.

The New Auditors have been nominated as the new joint auditors of the Company on 16 March 2005 and have commenced audit planning work on the accounts of the Company on the same date. Subject to the New Auditors receiving the clearance letter from the Auditors, the Company will use its best endeavour to publish the results of the Group on 31 March 2005. In the event that the Company cannot publish the results of the Group on 31 March 2005, a further announcement will be made by the Company. Each of the Directors has confirmed that he has not dealt in any shares of the Company since 28 February 2005 and has undertaken not to do so until the results of the Group have been published.

The Company will issue an announcement on or before 31 March 2005 setting out the details of each of the Transactions and the GEM Listing Rules of which the Company had failed to strictly comply. The Stock Exchange has expressed to the Company that it reserves the right to take appropriate actions against the Company and the Directors for such breach of the GEM Listing Rules.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meaning:

“Auditors”	PricewaterhouseCoopers, the former auditors of the Company
“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 the issued Shares of which are listed on GEM
“Directors”	directors (including the independent non-executive directors) of the Company
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“New Auditors”	CCIF CPA Limited and Cachet Certified Public Accountants Limited, the new joint auditors of the Company
“Purchase”	the proposed purchase of 4,050 tonnes of raw materials, namely seamless steel pipes, from independent third parties
“Reply”	the reply of the Company to the questions posted by the Auditors in relation to the Transactions
“Shareholder(s)”	Shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Use of Proceeds”	the use of proceeds from the initial public offer as set out in the prospectus of the Company dated 18 February 2004

By order of the Board  
**Shanghai Qingpu Fire-Fighting Equipment Co., Ltd.**  
**Jiang Zi Qiang**  
*Chairman*

Hong Kong, 22 March 2005

*As at the date of this announcement, the executive Directors are Mr. Jiang Zi Qiang, Mr. Wang Liang Fa and Mr. Sun Hau Jie, the non-executive Directors are Mr. Wang Zhi Yu, Mr. Jiang Zhou, Mr. Wu Tian Xin, Mr. Zhao Shu Guang, Mr. Chen Zhen Qiang and Mr. Zhou Wen Jie and the independent non-executive Directors are Mr. Li Long Ling, Mr. Chen Wen Gui, Mr. Yang Chun Bao and Mr. Wang Guo Zhong.*

*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 Group. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement 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 in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

*This announcement will remain on the “Latest Company Announcements” page of the GEM website at [www.hkgem.com](http://www.hkgem.com) for at least seven days from the date of its posting.*