

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims 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)

**CHANGE OF USE OF PROCEEDS
FROM IPO
AND
MAJOR, CONNECTED AND CONTINUING CONNECTED TRANSACTIONS**

(A) THE TRANSACTIONS AND GEM LISTING RULES REQUIREMENTS

Reference is made to the Company's announcement dated 22 March 2005 in relation to the resignation of the Auditors. While performing the audit of the Company's financial statements for the year ended 31 December 2004, 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 and concerns over, among other matters, the valuation of the Equipment were raised by the Auditors.

Each of the Transactions is subject to various reporting, disclosure and/or Independent Shareholders' approval requirements under the GEM Listing Rules. Details of each of the Transactions and the GEM Listing Rules in respect of which the Company had failed to strictly comply with are set out below.

(1) THE HUA DONG AGREEMENT – CHANGE IN USE OF PROCEEDS

Following a marketing trip, the Company as purchaser and Hua Dong as supplier entered into an agreement on 5 July 2004 in respect of the provision of 4,050 tonnes of raw materials over a period of around one year for the production of the Company's products. Hua Dong is an Independent Third Party. Prior to the Hua Dong Agreement, the Company had had no prior business relationship with Hua Dong. The Directors considered that the price of seamless steel pipes in the PRC was rising and the entering into of a long term supply contract would be in the interest of the Company as that would allow the Company to lock in the purchase price of such raw materials at a lower level over a period of time.

(2) THE SHP AGREEMENTS - MAJOR AND CONNECTED TRANSACTION

The Company entered into the SHP Agreements pursuant to which the Company had agreed to acquire the Equipment from the Six Agents of SHP for the manufacture of pressure cylinders with a volume of 10L to 20L. SHP is a Connected Person whose issued share capital of SHP is owned as to 65% by the Controlling Shareholder.

* for identification purpose only

The SHP Agreements constituted major and connected transactions of the Company under the GEM Listing Rules and are subject to Independent Shareholders' approval.

(3) THE PROFIT OASIS SALES – CONTINUING CONNECTED TRANSACTIONS EXEMPT FROM INDEPENDENT SHAREHOLDERS' APPROVAL

The Company had been selling pressure cylinders to Profit Oasis on normal commercial terms since March 2004. Profit Oasis is owned as to 50% by Ms. Zhou Mei Xin, the wife of Mr. Jiang Zi Qiang, an executive Director and the chairman of the Company, and is therefore a Connected Person.

As each of the percentage ratios (other than the profits ratio) is on an annual basis equal to or more than 2.5% but less than 25% and the annual consideration is less than HK\$10,000,000, the Profit Oasis Sales were exempt from the Independent Shareholders' approval requirement. However, the Profit Oasis Sales were still subject to reporting and announcement requirements under Rule 20.34 of the GEM Listing Rules.

(B) GENERAL

The Company has breached the GEM Listing Rules in (i) departing from the use of proceeds of the IPO as set out in the Prospectus without making appropriate announcement; and (ii) failing to comply with the various reporting, disclosure and/or the Independent Shareholders' approval requirements under the GEM Listing Rules in relation to the SHP Agreements and the Profit Oasis Sales.

The EGM will be convened and held to consider and, if thought fit, passing the necessary resolution to approve the SHP Agreements and the transactions contemplated thereunder. In the event the SHP Agreements are not approved by the Independent Shareholders in the EGM, the Company will not proceed with completion of the SHP Agreements.

Pursuant to the GEM Listing Rules, any Connected Person with a material interest in the SHP Agreements, any Shareholder with a material interest in the same, and their respective associate(s) will abstain from voting at the EGM on the relevant resolution to approve the SHP Agreements. As such, the Controlling Shareholder, which is beneficially interested in approximately 33.77% of the issued share capital of the Company, will abstain from voting at the EGM on the relevant resolution to approve the SHP Agreements. Further, any votes taken at the EGM in respect of such resolution are required by the GEM Listing Rules to be taken by way of poll.

The Independent Board Committee has been established to make recommendation to the Independent Shareholders and First Shanghai has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the SHP Agreements.

A circular containing, among other things, details of the Transactions, the recommendations of the Independent Board Committee to the Independent Shareholders and a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders and the notice of the EGM, will be despatched to the Shareholders as soon as possible.

At the request of the Company, trading in the shares of the Company has been suspended from 9:30 a.m. on 31 March 2005. Application has been made to the Stock Exchange for the resumption of trading in the shares of the Company with effect from 9:30 a.m. on 27 July 2005.

Reference is made to the Company's announcement dated 22 March 2005 in relation to the resignation of the Auditors. While performing the audit of the Company's financial statements for the year ended 31 December 2004, 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 and concerns over, among other matters, the valuation of the Equipment were raised by the Auditors.

Each of the Transactions is subject to various reporting, disclosure and/or Independent Shareholders' approval requirements under the GEM Listing Rules. Details of each of the Transactions and the GEM Listing Rules in respect of which the Company had failed to strictly comply with are set out below.

(A) THE TRANSACTIONS AND GEM LISTING RULES REQUIREMENTS

(1) THE HUA DONG AGREEMENT – CHANGE IN USE OF PROCEEDS

Following a marketing trip, the Company as purchaser and Hua Dong as supplier entered into an agreement on 5 July 2004 in respect of the provision of 4,050 tonnes of raw materials over a period of around one year for the production of the Company's products. Hua Dong is an Independent Third Party. Prior to the Hua Dong Agreement, the Company had had no prior business relationship with Hua Dong. The Directors considered that the price of seamless steel pipes in the PRC was rising and the entering into of a long term supply contract would be in the interest of the Company as that would allow the Company to lock in the purchase price of such raw materials at a lower level over a period of time.

Under the Hua Dong Agreement, the total consideration payable by the Company was RMB25,515,000. Upon signing of the Hua Dong Agreement, the Company paid RMB12,812,690 to Hua Dong as deposit. Since the supply of seamless steel pipes was tight in the PRC, it was normal practice at the time in the industry to pay a large proportion of the total consideration as deposit to secure the supply. The payment was financed out of the proceeds from the IPO. Since the supply of seamless steel pipes was tight in the PRC, it was normal practice at the time in the industry to pay a large proportion of the total consideration as deposit to secure the supply.

As the decision to enter into the Hua Dong Agreement by the Company was made in early July 2004, a few days after the shares of the Company had listed on GEM, Mr. Wang Liang Fa (an executive Director) did not have the experience in identifying and dealing with such transactions. As a result, the Directors did not realise that the reporting requirements under the GEM Listing Rules would have been applicable to the financing of the Hua Dong Agreement and the Company did not make any announcement in relation to the Hua Dong Agreement and the change of use of

proceeds of the IPO. In November 2004, it was brought to the Directors' attention by Mr Chan Chi Wai, Benny, the qualified accountant of the Company, that application of such an amount of proceeds of the IPO in fulfillment of the Hua Dong Agreement for an acquisition of raw materials might have constituted a departure from the use of proceeds of the IPO as set out in the Prospectus.

In light of that and the fact that Hua Dong had committed a breach of contract for failure to deliver the seamless steel pipes as contemplated, Hua Dong and the Company agreed to cancel the Hua Dong Agreement by a separate agreement on 8 December 2004. However, Hua Dong was unable to return the deposit at the time. The deposit paid by the Company to Hua Dong was subsequently assigned to SHP for the purchase of the Equipment, details of which are set out in the paragraph headed "The SHP Agreements – major and connected transaction" below.

The entering into of the Hua Dong Agreement constituted a transaction discloseable under the general obligation of the GEM Listing Rules which may be of price-sensitive nature. The payment of deposit to Hua Dong from the IPO proceeds also constituted price sensitive information which the Company had the obligation to announce to the public.

(2) THE SHP AGREEMENTS – MAJOR AND CONNECTED TRANSACTION

The Company entered into the SHP Agreements pursuant to which the Company had agreed to acquire the Equipment from the Six Agents for the manufacture of pressure cylinders with a volume of 10L to 20L. The SHP Agreements comprised the:

- (i) agreements dated 10 October 2004 and 16 June 2005 entered into by the Company, as purchaser and 中國汽車貿易華東公司 (transliterated as China Cars Trading Huadong Company) as agent for SHP, as vendor in respect of gas cylindrical equipment with a contract value of RMB1,200,000;
- (ii) agreements dated 5 November 2004 and 16 June 2005 entered into by the Company, as purchaser and 上海華東現代電梯銷售有限公司 (transliterated as Shanghai Huadong Lifts Sales Co. Ltd.) as agent for SHP, as vendor in respect of cavity sealing equipment with a contract value of RMB1,920,000;
- (iii) agreements dated 8 November 2004 and 16 June 2005 entered into by the Company, as purchaser and 上海興高機電工貿有限公司 (transliterated as Shanghai Xinggao Mechanical and Electrical Engineering Co. Ltd.) as agent for SHP, as vendor in respect of burners as to RMB2,200,000 and supporting frames as to RMB12,690 with an aggregate contract value of RMB1,770,152;
- (iv) agreements dated 9 November 2004 and 16 June 2005 entered into by the Company, as purchaser and 上海物豪機電設備有限公司 (transliterated as Shanghai Wuhao Mechanical and Electrical Equipment Co. Ltd.) as agent for SHP, as vendor in respect of base forming equipment with a contract value of RMB1,600,000;
- (v) agreements dated 15 November 2004 and 16 June 2005 entered into by the Company, as purchaser and 上海華東鍋爐聯合銷售有限公司 (transliterated as Shanghai Huadong Boiler United Sales Co. Ltd.) as agent for SHP, as vendor in respect of burners with a contract value of RMB1,840,000; and

- (vi) agreements dated 23 November 2004 and 16 June 2005 entered into by the Company, as purchaser an 上海向聰機械設備有限公司 (transliterated as Shanghai Xiangcong Mechanical Equipment Co. Ltd.) as agent for SHP, as vendor in respect of base sealing equipment with a contract value of RMB1,920,000.

It was the intention of the Directors to expand the product categories of the Company and to further enhance the production capacity of the Company. The Equipment is specialised machineries which were not commonly available and could not be easily sourced by the Company from any local manufacturer. The Equipment was in SHP before SHP was acquired by the Controlling Shareholder in 2001. By entering into the SHP Agreements, the Company would acquire the Equipment from SHP, through the Six Agents, for the manufacture of alloy steel cylinders with capacities between 10L and 20L as disclosed in the Prospectus. Hence, the acquisition of the Equipment from SHP under the SHP Agreements is in line with and in furtherance of the Company's objective and strategy of developing new products.

As disclosed in the Prospectus, SHP is a Connected Person whose issued share capital is owned as to 65% by the Controlling Shareholder. The remaining 35% interest in SHP is owned by an Independent Third Party. SHP is principally engaged in the business of manufacture and sale of carbonate steel cylinders with volumes of more than 40L. The Six Agents are principally engaged in general trading in the PRC. Except for 上海興高機電工貿有限公司 (transliterated as Shanghai Xinggao Mechanical and Electrical Engineering Co. Ltd.) in which SHP holds 10% of the shareholding, the other five agents are Independent Third Parties.

Initially, SHP had intended to sell the Equipment by itself but its attempts were unsuccessful as it did not have the expertise in the dealing of pressure cylinder production machinery. So SHP appointed the Six Agents with business relationships in selling specialised machineries to deal with the sale of the Equipment since December 2003. A commission of 3% of the selling price was payable by SHP to each of the Six Agents in respect of their respective portion of the Equipment upon completion of the sale. Other than for the sale of the Equipment, SHP had not appointed any of the Six Agents in any other transactions. The Company had had no prior business relationship with any of the Six Agents.

The total contract value of the SHP Agreements was RMB10,250,152, which represents a 22% discount to the value of the Equipment of approximately RMB13,195,410 as valued by a local PRC valuer, was determined having regard to the following factors (i) the Equipment is second hand equipment; (ii) SHP had put up the Equipment for sale in the market since 2003; and (iii) the historical costs of the Equipment of RMB27,082,410 recorded in the books of SHP. In view of Hua Dong's failure to deliver the seamless steel pipes as contemplated under the Hua Dong Agreement, it was agreed on 8 December 2004 between the Company and Hua Dong that the Hua Dong Agreement be cancelled and Hua Dong would repay the amount due to the Company, being the deposit of RMB12,812,690, to the Six Agents and the Six Agents also agreed on the same date with the Company that they would take assignments of such amount in satisfaction of the consideration payable by the Company to them under the SHP Agreements. SHP received the payment for the consideration from Hua Dong in the end of April 2005. At or around the end of April 2005, upon identifying that the Company had breached the GEM Listing Rules by entering into the Hua Dong Agreement and the SHP Agreements, the deposit was returned to the Company by SHP.

The consideration of RMB10,250,152 under the SHP Agreements was arrived at after arm's length negotiations between the parties with reference to (i) the valuation of approximately RMB13,195,410 as valued by the local PRC valuer as at 30 September 2004, (ii) the historical costs of such equipment of RMB27,082,410; and (iii) the Directors' estimation of the value of such equipment. The Auditors had raised concerns over the valuation of the Equipment and as such, the Company, separately and independently, appointed another Valuer to value the Equipment. The Equipment was valued by the Valuer at approximately RMB14,700,000 as at 13 April 2005 by applying the methodology of cost approach.

The entering into of the SHP Agreements was approved at a meeting of the Board on 8 October 2004 at which Mr. Jiang Zi Qiang has abstained from voting, whilst Mr. Wang Liang Fa, Mr. Sun Hau Jie, Mr. Wang Zhi Yu, Mr. Jiang Zhou, Mr. Wu Tian Xin, Mr. Zhao Shu Guang, Mr. Chen Zhen Qiang, Mr. Zhou Wen Jie, Mr. Li Long Ling, the executive Directors and Mr. Chen Wen Gui, Mr. Yang Chun Bao and Mr. Wang Guo Zhong, the independent non-executive Directors voted unanimously in favour of the SHP Agreements. The Directors, including the independent non-executive Directors, consider that the terms of the SHP Agreements, including the consideration payable thereunder are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

The SHP Agreements constituted major and connected transactions of the Company under the GEM Listing Rules and are subject to Independent Shareholders' approval. However, the Company did not disclose and obtain approval from the Independent Shareholders for the SHP Agreements. Such failure to disclose and obtain approval from the Independent Shareholders for the SHP Agreements has resulted in a breach of Rules 19.34, 19.40 and 20.19 of the GEM Listing Rules, and 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 breaches of the GEM Listing Rules.

(3) THE PROFIT OASIS SALES – CONTINUING CONNECTED TRANSACTIONS EXEMPT FROM INDEPENDENT SHAREHOLDERS' APPROVAL

The Company had been selling pressure cylinders to Profit Oasis on normal commercial terms since March 2004. No formal contracts were entered into by the parties. Instead, individual sales were constituted by Profit Oasis issuing purchase orders to the Company. In 2004, the Profit Oasis Sales amounted to approximately RMB9,530,000, representing approximately 17% of the turnover of the Company, of which approximately RMB9,510,000 of sales were conducted in the second half of 2004. In 2004, the gross profit and the gross profit margin of Profit Oasis for reselling the products purchased from the Company was approximately RMB490,000 and 5% respectively.

The Company ceased to sell pressure cylinders to Profit Oasis after it had been brought to the Directors' attention by the Auditors that the sales of the pressure cylinders to Profit Oasis constituted continuing connected transactions under the Listing Rules.

Profit Oasis is owned as to 50% by Ms. Zhou Mei Xin, the wife of Mr. Jiang Zi Qiang, an executive Director and the chairman of the Company, and is therefore a Connected Person. Profit Oasis is principally engaged in general trading since its incorporation in 2003. Other than pressure cylinders, Profit Oasis also deals in trades garments and lightings.

As each of the percentage ratios (other than the profits ratio) is on an annual basis equal to or more than 2.5% but less than 25% and the annual consideration is less than HK\$10,000,000, the Profit Oasis Sales were exempt from the Independent Shareholders' approval requirement. However, the Profit Oasis Sales were still subject to reporting and announcement requirements under Rule 20.34 of the GEM Listing Rules. The failure to make an announcement in respect of the Profit Oasis Sales has resulted in a breach of Rule 20.35 of the GEM Listing Rules. The reason for the breach was that the Directors and the compliance officer of the Company did not notice that the Profit Oasis Sales constituted continuing connected transactions. In that connection, no meeting of the Board was held to approve the Profit Oasis Sale. The Company ceased to sell pressure cylinders to Profit Oasis in January 2005. 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.

The price of the pressure cylinders sold to Profit Oasis was arrived at after arm's length negotiations between the Company and Profit Oasis. The Company sells products to Independent Third Parties on terms no less favourable than those offered by the Company under the Profit Oasis Sales. Accordingly, the Directors, including the independent non-executive Directors, consider that the terms of the Profit Oasis Sales, including the consideration receivable thereunder are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

(B) GENERAL

The Company is principally engaged in the research and development, manufacture and sale of fire-fighting equipment in the PRC.

The Company has breached the GEM Listing Rules in (i) departing from the use of proceeds of the IPO as set out in the Prospectus without making appropriate announcement; and (ii) failing to comply with the various reporting, disclosure and/or the Independent Shareholders' approval requirements under the GEM Listing Rules in relation to the SHP Agreements and the Profit Oasis Sales.

The EGM will be convened and held to consider and, if thought fit, passing the necessary resolution to approve the SHP Agreements and the transactions contemplated thereunder. In the event the SHP Agreements are not approved by the Independent Shareholders in the EGM, the Company will not proceed with completion of the SHP Agreements.

Pursuant to the GEM Listing Rules, any Connected Person with a material interest in the SHP Agreements, any Shareholder with a material interest in the same, and their respective associate(s) must abstain from voting at the EGM on the relevant resolution to approve the SHP Agreements. As such, the Controlling Shareholder, which is beneficially interested in approximately 33.77% of the issued share capital of the Company, will abstain from voting at the EGM on the relevant resolution to approve the SHP Agreements. Further, any votes taken at the EGM in respect of such resolution are required by the GEM Listing Rules to be taken by way of poll.

The Independent Board Committee has been established to make recommendation to the Independent Shareholders and First Shanghai has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the SHP Agreements.

A circular containing, among other things, details of the Transactions, the recommendations of the Independent Board Committee to the Independent Shareholders and a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders and the notice of the EGM, will be despatched to the Shareholders as soon as possible.

(C) USE OF PROCEEDS

As at the date of this announcement, HK\$14,612,477 of the proceeds from the IPO was deposited in the Company's bank account and remained unused. The Company has no intention to make any changes to the use of proceeds from the IPO as set out in Prospectus for the remaining unused portion of the proceeds.

(D) FUTURE COMPLIANCE WITH THE GEM LISTING RULES

It is the intention of the Directors to seek advice from the professionals including its legal advisers and continuing sponsor of the Company on all compliance matters in the future.

The Company has taken steps to (i) establish a compliance committee of the Directors comprising three independent non-executive Directors, an executive Director (other than being a Director, is not connected with the Controlling Shareholder and its associates), the compliance officer and the company secretary of the Company; (ii) replace the existing compliance officer; (iii) appoint an additional independent non-executive director with experience in corporate governance and regulatory compliance; and (iv) improve the internal control system of the Company.

It is expected that the principal function of the compliance committee is to assist the compliance officer in carrying out his duties and responsibilities as laid down in the GEM Listing Rules and to review and improve the existing compliance procedures of the Company. Meetings of the compliance committee will be held at regular intervals or where the circumstances so warrant. The continuing sponsor of the Company will be invited to attend meetings of the compliance committee and provided with copies of minutes of the meetings for review and record purposes.

In addition, the Company has instructed its legal advisers to organise seminar(s) from time to time for updating and refreshing the Directors on their duties as directors of a listed company and the various requirements under the GEM Listing Rules.

(E) SUSPENSION AND RESUMPTION OF SHARE TRADING

At the request of the Company, trading in the shares of the Company has been suspended from 9:30 a.m. on 31 March 2005. Application has been made to the Stock Exchange for the resumption of trading in the shares of the Company with effect from 9:30 a.m. on 27 July 2005.

(F) 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
“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 the issued Shares of which are listed on GEM
“Connected Person”	has the meaning ascribed to it in the GEM Listing Rules
“Controlling Shareholder”	上海華盛企業(集團)股份有限公司 (transliterated as Shanghai Huasheng Enterprises (Group) Company Limited), a limited liability company established in the PRC whose share capital is owned by Jiang Zi Qiang, an executive Director, and 上海市青浦區城鎮集體工業聯合社 (transliterated as Shanghai Qingpu Industrial United Society) as to 89% and 11% respectively
“Directors”	directors (including the independent non-executive directors) of the Company from time to time
“EGM”	the extraordinary general meeting of the Company to be convened for the purposes of considering and, if thought fit, approving the SHP Agreements
“Equipment”	the various equipment forming a production line for the manufacture of pressure cylinders with a volume of 10L to 20L
“First Shanghai”	First Shanghai Capital Limited, a licensed corporation under the Securities and Future Ordinance which engages in type 6 (advising on corporate finance) regulated activity, the independent financial adviser to the Independent Board Committee and the Independent Shareholders
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

* for identification purpose only

“Hua Dong”	上海華東機床聯合銷售有限公司 (transliterated as Shanghai Hua Dong Machinery United Sales Co., Ltd.), an Independent Third Party
“Hua Dong Agreement”	the agreement dated 5 July 2004, which was subsequently cancelled by separate agreement on 8 December 2004, entered into between the Company as purchaser and Hua Dong as supplier in relation to supply of seamless steel pipes with a total contract value of RMB25,515,000, details of which are more particularly set out in the paragraph headed “The Hua Dong Agreement – change in use of proceeds” under the section headed “The Transactions and GEM Listing Rules requirements” above
“Independent Board Committee”	the independent committee of the Board, comprising the independent non-executive Directors Li Long Ling, Chen Wen Gui, Yang Chun Bao and Wang Guo Zhong, formed for the purpose of advising Shareholders in relation to the SHP Agreements
“Independent Shareholders”	Shareholders other than a Connected Person with a material interest in the relevant Transaction and any Shareholder with a material interest in such Transaction and its associates; save in the case of the Hua Dong Agreement, means Shareholders other than the Controlling Shareholder and its associates
“Independent Third Party (Parties)”	a party (parties) which is (are) not Connected Person(s)
“IPO”	the initial public offering of the shares of the Company by way of public offer and placing pursuant to the Prospectus
“PRC”	the People’s Republic of China
“Profit Oasis”	Profit Oasis International Limited, a limited company incorporated in Hong Kong, the issued shares of which are owned as to 50% by Ms. Zhou Mei Xin, the wife of Mr. Jiang Zi Qiang, and executive Director and the chairman of the Company
“Profit Oasis Sales”	the sales of various products of the Company by the Company to Profit Oasis, details of which are more particularly set out in the paragraph headed “The Profit Oasis Sales – continuing connected transactions exempt from independent shareholders’ approval” under the section headed “The Transactions and GEM Listing Rules requirements” above
“Prospectus”	the prospectus of the Company dated 18 June 2004 issued in connection with the IPO

“Shareholder(s)”	shareholder(s) of the Company
“SHP”	上海高壓容器有限公司 (transliterated as Shanghai High Pressure Container Co., Ltd.), a Connected Person
“SHP Agreements”	the various agreements and supplemental agreements entered into between the Company as purchaser and SHP as vendor (via its agents) in relation to the acquisition of various assets forming a production line, details of which are more particular set out in the paragraph headed “The SHP Agreements – major and connected transaction” under the section headed “The Transactions and GEM Listing Rules requirements” above
“Six Agents”	the six agents, 中國汽車貿易華東公司 (transliterated as China Cars Trading Huadong Company), 上海華東現代電梯銷售有限公司 (transliterated as Shanghai Huadong Lifts Sales Co. Ltd.), 上海興高機電工貿有限公司 (transliterated as Shanghai Xinggao Mechanical and Electrical Engineering Co. Ltd.), 上海物豪機電設備有限公司 (transliterated as Shanghai Wuhao Mechanical and Electrical Equipment Co. Ltd.), 上海華東鍋爐聯合銷售有限公司 (transliterated as Shanghai Huadong Boiler United Sales Co. Ltd.) and 上海向聰機械設備有限公司 (transliterated as Shanghai Xiangcong Mechanical Equipment Co. Ltd.), which acted as agents of SHP and entered into the SHP Agreements with the Company for the sale of the Equipment to the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transactions”	collectively the transactions contemplated under the Hua Dong Agreement, the SHP Agreements and the Profit Oasis Sales and each a “Transaction”
“Valuer”	Castores Magi (Hong Kong) Limited
“RMB”	Reminbi, the lawful currency of the PRC
“%”	per cent.

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

Hong Kong, 26 July 2005

* for identification purpose only

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 Company and its subsidiaries. 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 for at least seven days from the date of its posting.