



**THE STOCK EXCHANGE OF HONG KONG LIMITED**  
(A wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited)  
(the “Exchange”)

28 March 2007

**The GEM Listing Committee of The Stock Exchange of Hong Kong Limited (the “GEM Listing Committee”) censures the following parties for breaching the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”):**

- 1. Shanghai Qingpu Fire-Fighting Equipment Co., Ltd. (the “Company”)(Stock Code: 8115);**
- 2. Mr Jiang Zi Qiang, an executive director of the Company (“Mr Jiang”);**
- 3. Mr Wang Liang Fa, a former executive director of the Company (“Mr Wang”); and**
- 4. Mr Sun Hua Jie, a former executive director of the Company (“Mr Sun”).**

The Company has admitted breaching the following provisions of the GEM Listing Rules:

1. Rule 17.10(1) in failing to disclose to shareholders, as soon as reasonably practicable, information relevant to the Company’s change of use of the IPO proceeds, so as to enable them and the public to appraise the position of the Company.
2. Rule 17.10(3) in failing to disclose to shareholders, as soon as reasonably practicable, information in connection with the Company’s change of use of IPO proceeds which might be reasonably expected materially to affect market activity in and the price of its securities.
3. Rules 19.34, 19.40, 20.18, 20.35, 20.47 and 20.48 in failing to comply with the procedural requirements of these provisions concerning a major and connected transaction.
4. Rules 19.34 and 19.38 in failing to comply with the procedural requirements of these provisions concerning a series of continuing connected transactions.
5. Rules 18.03, 18.48A, 18.49, 18.66, 18.79 in failing to make timely disclosure of the Company’s financial statements required by these provisions.

Further, Mr Jiang, Mr Wang and Mr Sun (collectively “Relevant Directors”) were in breach of their undertakings to the Exchange in that they have each:

1. failed to use their best endeavours to create and/or maintain adequate internal controls to procure the Company’s compliance with the provisions of the GEM Listing Rules as set out above;

2. failed to act to the best of their abilities and/or use their best endeavours to engage and deploy the services of professional advisers retained by the Company thus contributing to the commission of the breaches by the Company of the provisions of the GEM Listing Rules; and
3. failed to take adequate and timely remedial action.

In the case of Mr Wang, he has also failed to fulfill his duties as required by Rule 5.20 in that as a Compliance Officer he failed to advise and assist the Board of the Company in implementing procedures to ensure that the Company complied with the GEM Listing Rules.

#### **Facts:**

#### **Case 1:**

##### **Change in the Use of IPO Proceeds**

The initial public offering of the Company's H shares on GEM on 30 June 2004 raised net proceeds of approximately RMB21.4 million. On 5 July 2004 the Company entered into an agreement to purchase 4,050 tonnes of steel from Shanghai Hua Dong Machinery United Sales Co., Ltd ("Hua Dong") at a price of approximately RMB25.5 million (the "Hua Dong Agreement"). A down payment of approximately RMB12.8 million was made to Hua Dong at the signing of the agreement as a deposit. The Hua Dong Agreement was a departure from the intended application of the proceeds as set out in the Company's Prospectus.

#### **Case 2:**

##### **Major and Connected Transaction**

The Company entered into agreements with Shanghai High Pressure Container Co., Ltd ("SHP") which is a connected party on various dates in November 2004 and in June 2005 pursuant to which the Company agreed to acquire certain equipment from SHP valued at approximately RMB12.8 million through six agents ("the SHP Agreements").

#### **Case 3:**

##### **Continuing Connected Transactions**

The Company had been selling pressure cylinders to a connected party: Profit Oasis International Limited ("Profit Oasis"), a company owned as to 50 per cent by the wife of Mr Jiang, the Company's Chairman and Executive Director. The total value of the sales to Profit Oasis in 2004 amounted to approximately RMB9.5 million.

#### **Case 4:**

##### **Late Publication of 2004 Annual Accounts**

The Company was required to publish its 2004 Annual Results and 2004 Annual Report on or before 31 March 2005. However, the Company did not publish its Annual Results until 21 June 2005 (a delay of two months 21 days) and its Annual Report until 1 August 2005 (a delay of four months).

#### **Case 5:**

##### **Late Publication of 2005 Q1 Accounts**

The Company was required to publish its 2005 Q1 Results and Q1 Report on or before 15 May 2005, but it did not do so until 21 June 2005 (a delay of one month seven days) and 1 August 2005 (a delay of two months 16 days).

The Company admitted breaches of the GEM Listing Rules in relation to:

- Cases 1-3 in an announcement published on 26 July 2005;
- Case 4 in announcements dated 30 March, 29 April, 30 May and 30 June 2005; and
- Case 5 in announcements dated 12 and 30 May and 30 June 2005.

#### **Decision:**

Having considered the foregoing facts and the representations made by the parties concerned, the GEM Listing Committee concluded that:

1. the Company breached Rules 17.10(1) and (3), 18.03, 18.48A, 18.49, 18.66, 18.79, 19.34, 19.38, 19.40, 20.18, 20.35, 20.47 and 20.48; and
2. each of the Relevant Directors breached his obligations under the Declaration and Undertaking and Acknowledgement as set out in Appendix 6B to the GEM Listing Rules (the "Undertaking") to comply with the GEM Listing Rules to the best of his ability and to use his best endeavours to cause that the Company also complies.

The GEM Listing Committee decided to impose the following sanctions and take the following action against the parties:

- a public censure of the Company for the said breaches;
- a public censure of each of Mr Jiang, Mr Wang and Mr Sun for their respective breaches of the Director's Undertaking to the Exchange in terms described above; and
- direct under Rule 3.10(6) that Mr Jiang, Mr Wang and Mr Sun undertake training relating to GEM Listing Rules compliance and corporate governance matters of not less than 16 hours within two months from the date of this News Release.

It is also agreed that the non-executive directors: Mr Wang Zhi Yu, Mr Jiang Zhou, Mr Wu Tian Xin (resigned on 26 December 2006), Mr Zhao Shu Guang, Mr Chen Zhen Qiang and Mr Zhou Wen Jie and the independent non-executive directors: Mr Li Long Ling, Mr Chen Wen Gui, Mr Yang Chun Bao and Mr Wang Guo Zhong will also undergo training relating to GEM Listing Rules compliance and corporate governance matters of not less than 16 hours to be completed within two months from the date of this News Release.

Richard Williams, Head of Listing, commented: “There are two major themes to this decision. First, the Committee has acknowledged in the body of the announcement that the Company and the directors concerned have not contested the asserted breaches upon which this disciplinary action has been brought. The decision demonstrates that, in appropriate circumstances, the Committee is prepared to proceed to dispose of disciplinary business on this basis.

Second, the decision provides further evidence of the general approach of the Listing Committee to the use of its disciplinary powers. The decision demonstrates that, in addition to punishing past misconduct through the imposition of public censures, the Committee also seeks to employ its wider powers to direct remedial action. Such actions seek to encourage and promote listing rule compliance and thus seek to prevent further breaches of the GEM listing rules by the issuer and its management going forward.

In this case the Company has, through the actions or inactions of its management committed a number of serious breaches of the GEM listing rules concerning disclosure, shareholding approval and financial reporting requirements giving rise to concerns as to the level of understanding on the part of management as to their obligations under the listing rules. Consequently, in addition to imposing public sanctions the Committee has directed that all of the directors, including the non-executive members of the board should submit to training in the manner and over the time frame indicated.

It is anticipated that decisions of the Listing Committee going forward may in appropriate cases contain a variety of elements directed towards punishing past conduct but also seeking to encourage enhanced standards of corporate governance and compliance.”