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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)

CONTINUING CONNECTED TRANSACTIONS

CONTINUING CONNECTED TRANSACTIONS OF THE COMPANY IN 2014-2016

Sales to Hengtai

On 3 April 2014, the Company entered into the Master Sales Agreement with Hengtai for the term commencing from 3 April 2014 and ending on 31 December 2016.

Hengtai is the controlling shareholder of Liancheng, and hence a connected person of the Company. As a result, all sales made and being made to the subsidiaries of Hengtai constituted continuing connected transactions of the Company under Chapter 20 of the GEM Listing Rules.

As each of the applicable percentage ratios (other than the profits ratio) in respect of the Sales to Hengtai for each of the year ending 31 December 2014, 2015 and 2016 is equal to or higher than 5% but lower than 25% and the total consideration is less than HK\$10 million, the Sales to Hengtai is subject to the reporting and announcement requirements but is exempted from the independent shareholders' approval requirements under the GEM Listing Rules.

Background

The Company is principally engaged in manufacturing and sales of pressure vessels (including fire-fighting equipment products and pressure vessels), provision of fire technology inspection services, manufacturing and trading of iron casted grooved couplings and trading of sanitary-ware and other products.

CONTINUING CONNECTED TRANSACTIONS OF THE COMPANY IN 2014

The Sales to Hengtai

The Company is continuing to sell its products to the subsidiaries of Hengtai on 1 January 2014 (the “Sales to Hengtai”) on an ongoing basis. On 3 April 2014, the Company entered into the Master Sales Agreement with Hengtai to govern the terms and conditions of the continuing connected transactions carried out between the Company (and/or its subsidiaries) and Hengtai (and/or its subsidiaries). Details of the Master Sales Agreement are set out as follow:

- Date: 3 April 2014
- Term: The term of the Master Sales Agreement shall commence from 3 April 2014 up to 31 December 2016.
- Parties: the Company;
Hengtai, a connected person of the Company.
- Subject matter: Pursuant to the Master Sales Agreement, Hengtai and/or its subsidiaries agreed to purchase fire extinguishers, pressure vessels and other products manufactured by the Company and/or its subsidiaries from time to time in accordance with the terms and conditions of the Master Sales Agreement.
- Price: The price for the products sold under the Master Sales Agreement will be agreed upon from time to time after arm’s length negotiation between the parties concerned by reference to the prevailing market price at the relevant time. The terms of sales to be offered by the Company and/or its subsidiaries to Hengtai and/or its subsidiaries under the Master Sales Agreement shall be no more favourable than those terms offered by the Company to its other independent customers in the ordinary course of business. Unless otherwise agreed, the purchase price for the goods ordered in a particular month shall be settled at the end of such month or within three months at the latest.

The amount of sales of products from the Company to Hengtai and/or its subsidiaries for the year ended 31 December 2013 was approximately RMB5,979,000, and for the period from 1 January to 31 March 2014 was RMB753,664 (Net of VAT). The Directors expect that the Sales to Hengtai would not exceed RMB8 million (the “Annual Cap Amounts”) for each of the years ended 31 December 2014, 2015 and 2016.

In determining the Annual Cap Amounts for the Master Sales Agreement, the Board has (i) reviewed the historical performance of the Company; (ii) reviewed the business plan of the Company; and (iii) discussed with the management of Hengtai in relation to their business expansion plan from 2014 to 2016.

Reasons for the Continuing Connected Transactions

Hengtai and/or its subsidiaries have different customer base from the Company because of different geographic location and customers relations. The Master Sales Agreement will provide a foundation for the Company to plan the annual sales and therefore maximize the profitability.

Base on the above and given the prices for the products sold under the Master Sales Agreement are determined based on the prevailing market prices at the relevant time and the terms of the transactions as contemplated under the Master Sales Agreement are on normal commercial terms, the Directors (with Mr. Zhou Jin Hui and Ms. Chai Xiao Fang abstaining from voting), including the independent non-executive Directors, consider the Master Sales Agreement are in the ordinary course of business and it is in the best interests of the Company and the Shareholders as a whole; and the basis for determining the Annual Cap Amounts are fair and reasonable.

Implications under the GEM Listing Rules

Hengtai, which is entitled to exercise the voting rights of an aggregate of 131,870,000 Domestic Shares and 1,300,000 H Shares through its subsidiaries, Liancheng and Liancheng HK, is the controlling shareholder of Liancheng, and hence a connected person of the Company. As a result, all sales made and being made to the subsidiaries of Hengtai constituted continuing connected transactions of the Company under Chapter 20 of the GEM Listing Rules.

As each of the applicable percentage ratios (other than the profits ratio) in respect of the Annual Cap Amounts for the Sales to Hengtai is equal to or higher than 5% but lower than 25% and the total consideration is less than HK\$10 million, the Sales to Hengtai is only subject to the reporting and announcement requirements but is exempted from the independent shareholders' approval requirements under the GEM Listing Rules.

Mr. Zhou Jin Hui and Ms. Chai Xiao Fang are Directors, and at the same time, also the ultimate shareholders and/or directors of Liancheng and Hengtai. In view of the above, Mr. Zhou Jin Hui and Ms. Chai Xiao Fang have abstained from voting on the relevant board resolutions for approving the aforesaid transactions.

Definitions

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

“asset ratio” has the meaning ascribed to it under the GEM Listing Rules

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| “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 its H Shares are listed on the GEM |
| “connected person” | has the meaning ascribed to it under the GEM Listing Rules |
| “Directors” | directors 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 |
| “GEM” | the Growth Enterprise Market of the Stock Exchange |
| “GEM Listing Rules” | the Rules Governing the Listing of Securities on the GEM (as amended from time to time) |
| “H Shares” | overseas listed foreign shares in the share capital of the Company, with a nominal value of RMB0.10 each, all of which are listed on the GEM, and subscribed for and traded in Hong Kong dollars |
| “Hengtai” | 浙江恒泰房地產股份有限公司 (Zhejiang Hengtai Real Estate Joint Stock Co., Ltd*), a joint stock limited company incorporated in the PRC, which is the controlling shareholder of Liancheng |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Liancheng” | 聯城消防集團股份有限公司 (Liancheng Fire-Fighting Group Company Limited*), a joint stock limited company incorporated in the PRC, which is the controlling Shareholder |
| “Liancheng HK” | Liancheng Fire Protection Group (Hong Kong) Company Limited, a company incorporated in Hong Kong with limited liability on 10 March 2009 and a wholly-owned subsidiary of Liancheng |
| “Master Sales Agreement” | the master sales agreement dated 3 April 2014 entered into between the Company and Hengtai |
| “percentage ratio” | has the meaning ascribed to it under the GEM Listing Rules |

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| “PRC” | the People’s Republic of China (but for the purpose of this announcement, excluding Hong Kong Special Administrative Region of the PRC, Macau Special Administrative Region of the PRC and Taiwan) |
| “Shareholders” | the holders of the Shares |
| “Shares” | the Domestic Shares and the H Shares |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “RMB” | Renminbi, the lawful currency of the PRC |

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

Hong Kong, 3 April 2014

As at the date of this announcement, the executive Directors are Mr. Zhou Jin Hui, Mr. Shen Jian Zhong and Mr. Gong Xu Lin; 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 remain on the “Latest Company Announcements” page of the GEM website for at least 7 days from the date of its publication.

* *For identification purpose only*