

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)

CONTINUING CONNECTED TRANSACTIONS

CONTINUING CONNECTED TRANSACTIONS OF THE COMPANY IN 2011-2013

2011 Sales to Hengtai

On 20 May 2011, the Company entered into the Master Sales Agreement with Hengtai for the term commencing from 20 May 2011 and ending on 31 December 2013.

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 (including the 2011 Sales to Hengtai) after 15 August 2008 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 2011 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 2011 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 the research and development, manufacture and sales of fire-fighting equipment and pressure vessels in the PRC.

CONTINUING CONNECTED TRANSACTIONS OF THE COMPANY IN 2011

The 2011 Sales to Hengtai

The Company is continuing to sell its products to the subsidiaries of Hengtai on 1 January 2011 (the “**2011 Sales to Hengtai**”) on an ongoing basis. On 20 May 2011, 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:	20 May 2011
Term:	The term of the Master Sales Agreement shall commence from 20 May 2011 up to 31 December 2013.
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 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 period from January to April 2011 was RMB643,652. The Directors expect that the 2011 Sales to Hengtai would not exceed RMB4 million, representing approximately 10.95% of the Company’s total assets and approximately 18.72% of the Company’s turnover for the year ended 31 December 2010 (based on the audited financial reports of the Company), as well as approximately 11.23% of the Company’s market capitalization. The Directors also expect that the sales to Hengtai or its subsidiaries in 2012 and 2013 (the “2012 and 2013 Sales”) would not exceed RMB5 million and RMB6 million, respectively.

In determining the expected cap amount for the Master Sales Agreement for the year ended 31 December 2011 and the 2012 and 2013 Sales, 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 2011 to 2013.

In addition, the expected cap amount for the Master Sales Agreement for the year ended 31 December 2011 is determined by the following factors:

- (i) the historical amounts of sales of products from the Company to Hengtai and/or its subsidiaries for the period from 15 August to 31 December 2008 and the years ended 31 December 2009 and 2010; and
- (ii) the targeted business expansion of the Company in respect of the Master Sales Agreement.

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 Directors, including the independent non-executive Directors, consider that the terms of the transactions as contemplated under the Master Sales Agreement are on normal commercial terms that are fair and reasonable and in the interests of the Shareholders as a whole.

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 (including the 2011 Sales to Hengtai) after 15 August 2008 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 2011 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 2011 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
“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 20 May 2011 entered into between the Company and Hengtai
“percentage ratio”	has the meaning ascribed to it under the GEM Listing Rules
“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, 14 June 2011

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*