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China Fire Safety Enterprise Group Limited

中國消防企業集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code : 445)

INSIDE INFORMATION - POSSIBLE ACQUISITION INVOLVING POSSIBLE APPLICATION OF WHITEWASH WAIVER

This announcement is made by China Fire Safety Enterprise Group Limited (the “**Company**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong). Reference is also made to the announcement of the Company dated 2 December 2013 in relation to the possible acquisition of a company engaged in the manufacturing and sale of fire engines and equipment.

The board of directors (the “**Directors**”) of the Company (the “**Board**”) is pleased to announce that after the Stock Exchange trading hours on 18 November 2014, the Company, China International Marine Containers (Group) Ltd. (“**CIMC**”) and Mr. Jiang Xiong (“**Mr. Jiang**”), the existing controlling shareholder of the Company and an executive Director, entered into a memorandum of understanding (the “**MOU**”) in relation to a possible acquisition (the “**Acquisition**”) by the Company from CIMC of 40% equity interest in Albert Ziegler GmbH, a company in Germany which is engaged in the manufacturing and sale of fire engines and fire equipment (“**Ziegler**”). To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, CIMC and its beneficial owners are third parties independent of the Company and its connected persons. As at the date of this announcement, Mr. Jiang holds 981,600,000 shares of the Company, representing approximately 34.38% of the issued share capital of the Company.

Pursuant to the terms of the MOU:

- (i) the Company intends to acquire a 40% equity interest in Ziegler, the consideration of which shall be satisfied by the Company by way of issue and allotment of new shares in the Company representing not less than 30% of the enlarged issued share capital of the

Company (the “**Consideration Shares**”) to CIMC;

- (ii) CIMC undertakes that (a) the Company and its subsidiaries are allowed to use the technical knowhow and trademark of Ziegler upon completion of the Acquisition, details on the applicable scope and the terms and conditions of usage shall be subject to further negotiation between the relevant parties; (b) apart from operating the relevant fire safety businesses through 60% equity interest in Ziegler, CIMC must first consider to invest through the Company if it plans to invest in the fire safety industry in the PRC, the relevant terms and conditions and/or circumstances shall be subject to further negotiation between the relevant parties; and (c) the Company will be considered as an associated company of CIMC and CIMC will provide necessary credit facilities from bank and guarantees to the Company based on its funding needs for business development and future investment;
- (iii) the Acquisition shall be subject to, among other things, (a) the Company being satisfied with the results of a due diligence review on the business, financial and legal aspects of Ziegler; (b) the parties obtaining necessary consents and approvals in conjunction with the Acquisition from the Stock Exchange and other relevant regulatory authorities (including but not limited to the Listing Committee of the Stock Exchange granting the listing of, and permission to, deal in the Consideration Shares that may be issued by the Company to CIMC and CIMC having obtained the whitewash waiver); and (c) the Company having disposed of its non-core businesses (including the installation of fire prevention and fighting systems business). For the avoidance of doubt, the condition in respect of the obtaining of the whitewash waiver by CIMC cannot be waived;
- (iv) unless prior consent is obtained from Mr. Jiang, the Consideration Shares that may be issued to CIMC shall not be disposed of by CIMC within three years from the date of completion of the Acquisition;
- (v) Mr. Jiang shall not reduce his shareholding in the Company to be less than 15% of the issued share capital of the Company within 30 months after completion of the Acquisition;
- (vi) in the event that the Company proposes to conduct any equity fund raising exercise with dilutive effect and Mr. Jiang holds not less than 15% of the issued share capital of the Company at the material time, CIMC (in its capacity as a shareholder of the Company) shall act in concert with Mr. Jiang on approving or disapproving such fund raising exercise. For the avoidance of doubt, the aforesaid provision could only be executed within the ambit of the articles of association of the Company, the Listing Rules and other relevant laws and regulatory requirements;
- (vii) Mr. Jiang and his related parties shall not, directly or indirectly, engage in the business of manufacturing and sale of fire engines and fire equipment of the same types within five years after completion of the Acquisition;
- (viii) the Board shall comprise five executive Directors after completion of the Acquisition, (a)

CIMC is entitled to nominate up to three executive Directors and one of them shall be the chairman of the Company; (b) Mr. Jiang is entitled to nominate up to two executive Directors (including himself) if Mr. Jiang holds not less than 15% of the issued share capital of the Company; and (c) Mr. Jiang is entitled to nominate up to one executive Director (including himself) if Mr. Jiang holds not less than 5% of the issued share capital of the Company;

- (ix) unless prior consent is obtained from the other party, the parties shall not, within 18 months from the date of the MOU, (a) solicit, initiate or encourage inquiries or offers from, or (b) initiate or continue negotiations or discussions with or furnish any information to, or (c) enter into any agreement or statement of intent or understanding with, any other person or entity in respect of the Acquisition.

Save for the term relating to exclusivity as referred to in (ix) above, confidentiality, expenses, and governing law and jurisdiction, all other terms of the MOU are non-legally binding.

After the entering into of the MOU, the Company shall engage professional parties to assist in performing the due diligence review on Ziegler, and the parties shall continue to negotiate in good faith the detailed terms of the Acquisition which shall be set out in a formal sale and purchase agreement. In the event that the formal sale and purchase agreement materialises, the transaction contemplated thereunder is expected to constitute a major transaction on the part of the Company under the Listing Rules.

Shareholders and investors of the Company should be aware that as at the date hereof, no legally binding agreement in relation to the Acquisition has been entered into between the Company and CIMC and the Acquisition may or may not proceed. The Company shall make further announcement(s) if there is any material development in the Acquisition as and when appropriate. Shareholders and investors of the Company are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
China Fire Safety Enterprise Group Limited
Li Ching Wah
Company Secretary

Hong Kong, 18 November 2014

As at the date of this announcement, the Company's Executive Directors are Mr. Jiang Xiong, Mr. Jiang Qing, Mr. Wang De Feng, Ms. Weng Xiu Xia and Mr. Hu Yong; and the Independent Non-Executive Directors are Dr. Loke Yu, Mr. Heng Ja Wei and Ms. Sun Guo Li.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement, and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.