

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited (“the Stock Exchange”) 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.



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)

DISCLOSEABLE TRANSACTION

Disposal of all the equity interests in

Fujian Asean United Aquatic Products Investment Management Co., Ltd.

(Formerly known as Clusafe Control Equipment Ltd.)

The Board announces that Wang Sing, a wholly owned subsidiary of the Company, entered into an agreement on 25 March 2014 to sell all the equity interests it held in Asean United.

The Disposal is part of the reorganization plan to streamline the Group’s businesses and re-direct its focus and resources to the Group’s core businesses of production and sale of fire engines, and fire prevention and fighting equipment.

At 31 December 2013, the carrying value of the total assets and net assets of Asean United, excluding the Excluded Items, were RMB64,783,000 and RMB61,310,000 respectively. Asean United generated no turnover for both years ended 31 December 2012 and 2013. It incurred a loss of RMB683,000 for 2012 but earned a net profit of RMB44,000 for 2013.

The consideration is RMB61,310,000 and will be paid in three instalments at two 6 months intervals.

Assets to be disposed of

The Board (the “**Board**”) of China Fire Safety Enterprise Group Limited (the “**Company**”) announces that Wang Sing Technology Limited (“**Wang Sing**”), a wholly owned subsidiary of the Company, entered into a sales and purchase agreement (the “**S&P Agreement**”) on 25 March 2014 to sell all the equity interests (the “**Disposal**”) it held in Fujian Asean United Aquatic Products Investment Management Co., Ltd. (“**Asean United**”) (formerly known as Clusafe Control Equipment Ltd.). The other party to the agreement (the “**Purchaser**”) is an individual and to the best knowledge of the directors of the Company, he is an independent party who has no relationship with any directors, senior management, substantial shareholders or controlling shareholder of the Company or their respective associates and is not connected person of the Company.

Asean United was engaged in the manufacturing and sale of fire prevention and fighting equipment. Its main products were emergency lightings and fire detection and alarm systems. It has ceased its

production since end of 2009 when the market was flooded with low-priced substandard products and the intense competition had driven the profit margin to an unreasonably low level.

According to the S&P Agreement, the cost of investment in a subsidiary of Asean United and the net amount due from other Group companies (the “**Excluded Items**”) are not included in the net assets to be disposed of. At 31 December 2013, the carrying value of the total assets and net assets of Asean United, excluding the Excluded Items, were RMB64,783,000 and RMB61,310,000 respectively. The assets comprise mainly a leasehold land, the factory and office buildings and cash and bank balances. The factory building has been leased for rental income except for a small portion reserved for the Group’s own use. Asean United generated no turnover for both years ended 31 December 2012 and 2013. It incurred a loss of RMB683,000 for 2012 but earned a net profit of RMB44,000 for 2013. It was not subject to income tax payment as tax losses were utilized for both years.

Consideration, terms of payment and conditions precedent

The consideration of the Disposal is RMB61,310,000 and was determined at an arm’s length negotiation between Wang Sing and the Purchaser. The completion of the Disposal is subject to the successful transfer of the Excluded Items to other subsidiaries of the Company. The consideration will be settled by three cash instalments. The first instalment (RMB20,436,000) will be paid before the application for the change of the business registration with Industry and Commerce Bureau, the second instalment (RMB20,436,000) will be paid in 6 months after the first instalment paid and the last one (RMB20,438,000) in 6 months after the second instalment paid. The proceeds will be used for the development of the Core Businesses (definition see below). No gain or loss is expected when the transaction complete as the consideration matches with the carrying value of the net assets to be disposed of.

Reasons of the Disposal

The Disposal is part of the reorganization plan to streamline the Group’s businesses and re-direct its focus and resources to the Group’s core businesses of production and sale of fire engines, and fire prevention and fighting equipment (the “**Core Businesses**”). The Company does not consider that it is profitable and beneficial to resume the production of Asean United abandoned years ago. Besides, the original production facilities (including the leasehold land and factory building) could not be used for the production of the Core Business unless a huge sum of financial resources is spent on renovation, which the Company considered not economically feasible.

Principal activities of the Company

The Company and its subsidiaries (the “**Group**”) are engaged in (i) installation of fire prevention and fighting systems; (ii) manufacturing and sale of fire engines; and (iii) manufacturing and sale of fire prevention and fighting equipment. The Group’s principal places of business and markets are in China.

In view of the above, the Board considers that the terms and conditions and considerations of the Disposal are fair and reasonable and are in the interests of the Company and the shareholders of the Company taken as a whole.

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

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

Hong Kong, 27 March 2014

This announcement is available for viewing on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.chinafire.com.cn.