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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)

SALE OF EXISTING SHARES BY A SUBSTANTIAL SHAREHOLDER AND RESIGNATION OF NON-EXECUTIVE DIRECTORS

The Company was informed by UTFE that it had entered into the S&P Agreement with the Purchaser on 21 December 2012 to sell all the 825,000,000 Shares it held for a total consideration of HKD100,750,000, representing approximately HKD0.122 per Share. The Shares to be sold under the S&P Agreement represent approximately 29% of the issued share capital of the Company. Upon completion of the Share Transfer, UTFE will cease to hold any shares of the Company and the option granted by Mr. Jiang to UTFE in accordance with the Option Agreement will lapse also.

The Board also announces that Mr. Thoumire and Mr. Oon resigned as non-executive directors of the Company effective 21 December 2012.

This announcement is made pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange.

China Fire Safety Enterprise Group Limited (the "**Company**") was informed by United Technologies Far East Limited ("**UTFE**") that it had entered into a Sales and Purchase agreement (the "**S&P Agreement**") with EH Investment Management Limited ("**the Purchaser**") on 21 December 2012 in respect of the shares of the Company (the "**Shares**") it held (the "**Share Transfer**"). UTFE is a subsidiary of United Technologies Corporation and holds 825,000,000 Shares at the date of entering into the S&P Agreement, representing approximately 29% of the issued share capital of the Company. UTFE will sell all the 825,000,000 Shares it holds to the Purchaser for a total consideration of HKD100,750,000, representing approximately HKD0.122 per Share. The Purchaser is an independent party which 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. Upon completion of the Share Transfer, UTFE will cease to hold any shares of the Company. The Share Transfer is expected to be

completed by 5:00 p.m. on 4 January 2013 or at other time that UTFE and the Purchaser may agree.

The option granted by Mr. Jiang Xiong (“**Mr. Jiang**”), Chairman and the largest shareholder of the Company, to UTFE will lapse also when the Share Transfer is completed. The option was granted by virtue of the option agreement (the “**Option Agreement**”) dated 1 February 2005 entered into between Mr. Jiang and UTFE, pursuant to which, Mr. Jiang grants an option to UTFE, which, when exercised, will require Mr. Jiang to sell to UTFE the lower of:

- a. such number of shares of the Company as are required to be sold by Mr. Jiang to UTFE to enable UTFE to beneficially hold, in addition to any other shares of the Company held by UTFE at the relevant time, in aggregate, 51% of the voting rights of the Company immediately following completion of the exercise of the option under the Option Agreement; and
- b. all the shares of the Company held by Mr. Jiang at the time when UTFE exercises the option.

Details of the Option Agreement were set out in the Company’s announcement and circular dated 2 February 2005 and 10 March 2005 respectively.

There is no change in the issued share capital of the Company. Save as disclosed above, the Company was not informed of other substantial change in shareholdings.

The Board hereby also announces that Mr. Jean-Charles Thoumire (“**Mr. Thoumire**”) and Mr. Oon Wee Chin (“**Mr. Oon**”) resigned as non-executive directors of the Company with effect from 21 December 2012. Mr. Thoumire and Mr. Oon were appointed to sit on the Board as representatives of UTFE and thus resign upon UTFE’s disposal of the Shares and cease to be Shareholder of the Company. Both Mr. Thoumire and Mr. Oon have confirmed that there were no circumstances connected to their resignation that they considered should be brought to the attention of the holders of securities of the Company. The Board would like to take this opportunity to thank Mr. Thoumire and Mr. Oon for their contributions to the Company during their tenure of office.

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, Ms. Zhang Hai Yan, 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.

Hong Kong, 21 December 2012

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.