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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in China Fire Safety Enterprise Group Holdings Limited (the “Company”), you should at once hand this circular to the purchasers or the transferees or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchasers or the transferees.

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**CHINA FIRE SAFETY ENTERPRISE GROUP HOLDINGS LIMITED****中國消防企業集團控股有限公司\****(Incorporated in the Cayman Islands with limited liability)*

(Stock Code: 445)

**GENERAL MANDATES TO ISSUE SECURITIES AND REPURCHASE SHARES  
AND  
RE-ELECTION OF RETIRING DIRECTORS  
AND  
TERMINATION OF THE GEM SHARE OPTION SCHEME  
AND  
ADOPTION OF NEW SHARE OPTION SCHEME  
AND  
CHANGE OF THE NAME OF THE COMPANY  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

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A letter from the Board is set out on pages 4 to 8 of this circular.

This circular includes particulars given in compliance with the Rules Governing the Listing of Securities on the Stock Exchange for the purpose of giving information with regard to China Fire Safety Enterprise Group Holdings Limited. The directors of China Fire Safety Enterprise Group Holdings Limited collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

The Notice convening the annual general meeting of the Company to be held at Kellett Room II, 3/F, The Excelsior, Hong Kong, 281 Gloucester Road, Causeway Bay, Hong Kong on 29 May 2009 (Friday) at 3:00 p.m. is set out in this circular. Whether or not you propose to attend the annual general meeting, you are requested to complete the proxy form and return the same to the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited of Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong in accordance with the instructions printed thereon not less than 48 hours before the time appointed for the meeting. Completion and delivery of the proxy form will not preclude you from attending and voting at the annual general meeting if you so wish.

This circular is available for viewing on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) as well as the website of the Company ([www.chinafire.com.cn](http://www.chinafire.com.cn)).

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following expressions have the following meanings:*

“Adoption Date”	the date on which the Scheme was conditionally adopted and approved by the Shareholders;
“Annual General Meeting” or “AGM”	means the annual general meeting of the Company to be held on 29 May 2009 at Kellett Room II, 3/F, The Excelsior, Hong Kong, 281 Gloucester Road, Causeway Bay, Hong Kong at 3:00 p.m., a notice of which is set out on pages 26 to 30 of this circular;
“Associates”	have the meaning ascribed to it under Rule 1.01 of the Listing Rules;
“Auditors”	means the auditors of the Company for the time being;
“Board”	means the board of directors for the time being of the Company or (as the context may require) the majority of directors (including the independent non-executive directors of the Company) present and voting at any meeting of the board of directors of the Company duly convened or a duly authorised committee thereof;
“Business Day”	means the day on which the Stock Exchange is open for the business of dealing in securities;
“Commencement Date”	means in respect of any particular Option, the date upon which the Option is deemed to be granted;
“Committee”	means the committee of the Board appointed to administer the Scheme;
“Companies Ordinance”	means the Companies Ordinance (Chapter 32 of the Laws of Hong Kong);
“Company”	means China Fire Safety Enterprise Group Holdings Limited;
“Companies Law”	means Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands;
“Connected Person”	have the meaning ascribed to it under the Listing Rules;
“Directors”	means the directors of the Company;
“Eligible Person”	means any full-time employee of the Company or any of its Subsidiaries, including any executive and non-executive directors of the Company or any of its Subsidiaries;

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## DEFINITIONS

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“GEM”	means the Growth Enterprise Market operated by the Stock Exchange;
“GEM Share Option Scheme”	means the share option scheme adopted by the Company pursuant to a resolution by the sole Shareholder on 20 September 2002;
“Group”	means the Company and its Subsidiaries;
“HK\$”	means Hong Kong dollars, the lawful currency of Hong Kong;
“Latest Practicable Date”	means 22 April 2009, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein;
“Listing Committee”	means the Listing Committee of the Stock Exchange;
“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange;
“Main Board”	means the Main Board stock market operated by the Stock Exchange;
“New Share Option Scheme” or “the Scheme”	means China Fire Safety Enterprise Group Holdings Limited Share Option Scheme to be adopted by Shareholders at the AGM;
“Offer”	means an offer for the grant of an Option;
“Option”	means an option to subscribe for Shares granted pursuant to the Scheme;
“Option Period”	means a period from the Commencement Date and ending on such date as the Committee may notify to each Eligible Person in the Offer letter but in any event not exceeding 10 years from the Commencement Date;
“Participant”	means any Eligible Person who accepts the Offer of any Option in accordance with the terms of the Scheme and the Listing Rules or (where the context so permits) a person or persons who, in accordance with the laws of succession applicable in respect of the death of the original Participant, is or are entitled to exercise the Option in consequence of the death of the original Participant (to the extent not already exercised);

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## DEFINITIONS

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“Proposed Change of Company Name”	means the proposed change of the name of the Company from “China Fire Safety Enterprise Group Holdings Limited” to “China Fire Safety Enterprise Group Limited” and the Chinese name from 「中國消防企業集團控股有限公司」 (which was adopted for identification only) to 「中國消防企業集團有限公司」;
“Repurchase Mandate”	means a general mandate, which is proposed to be adopted by an ordinary resolution of the Shareholders at the AGM, to the Directors to exercise the power of the Company to repurchase Shares up to a maximum of 10% of the aggregate nominal amount of the share capital of the Company in issue at the date of passing such resolution;
“SFO”	means the Securities and Futures Ordinance;
“Share(s)”	means share(s) of HK\$0.01 each (or of such other nominal amount as shall result from a sub-division, a consolidation, a re-classification or a re-construction of such shares from time to time) in the capital of the Company;
“Shareholder(s)”	means holder(s) of the Share(s) from time to time;
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited;
“Subscription Price”	means the price per Share at which a Participant may subscribe for Shares on the exercise of an Option calculated, which shall be the fair market value of a Share;
“Subsidiary”	means a company which is for the time being and from time to time a subsidiary (within the meaning of Section 2 of the Companies Ordinance) of the Company, whether incorporated in Hong Kong or elsewhere;
“Substantial Shareholder”	means a person who is entitled to exercise or control the exercise of 10% or more of the voting power at any general meeting of the Company; and
“Takeovers Code”	means the Codes on Takeovers and Mergers and Share Repurchases published by the Securities and Futures Commission of Hong Kong from time to time.

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## LETTER FROM THE BOARD

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### CHINA FIRE SAFETY ENTERPRISE GROUP HOLDINGS LIMITED

中國消防企業集團控股有限公司\*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 445)

*Executive Directors:*

Jiang Xiong (*Chairman*)

Jiang Qing

Shi Jia Hao

Wang De Feng

Weng Xiu Xia

Zhang Hai Yan

*Non-executive Directors:*

Doug Wright

Xi Zheng Zheng

Harinath Krishnamurthy

(*alternate director to Doug Wright*)

*Independent non-executive Directors:*

Loke Yu

Sun Jian Guo

Heng Ja Wei

*Registered office:*

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

*Head office and principal place  
of business in the PRC:*

No. 8, Section I, Xin Hua Road

Chengdu Cross-Straits Technological

Industry Park

Wenjiang District

Chengdu City

Sichuan Province, PRC

*Principal place of business  
in Hong Kong:*

Room 2002-03, 20th Floor

World Trade Centre

280 Gloucester Road

Causeway Bay, Hong Kong

24 April 2009

*To the Shareholders*

Dear Sir or Madam,

**GENERAL MANDATES TO ISSUE SECURITIES AND REPURCHASE SHARES  
AND  
RE-ELECTION OF RETIRING DIRECTORS  
AND  
TERMINATION OF THE GEM SHARE OPTION SCHEME  
AND  
ADOPTION OF NEW SHARE OPTION SCHEME  
AND  
CHANGE OF THE NAME OF THE COMPANY  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

#### INTRODUCTION

The purpose of this circular is to provide you with information regarding resolutions to be proposed at the AGM. These include, amongst others resolutions relating to (i) the renewal of the general mandate

\* For identification purpose only

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## **LETTER FROM THE BOARD**

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to issue securities of the Company; (ii) the renewal of the general mandate to repurchase Shares; (iii) the re-election of retiring Directors; (iv) the termination of the GEM Share Option Scheme and the adoption of New Share Option Scheme; and (v) the change of the name of the Company.

This circular contains the explanatory statement in connection with the proposed resolutions for the approval of the renewal of the general mandates to issue securities and to repurchase Shares in accordance with the Listing Rules, biographies of the retiring and re-electing Directors and the terms of the New Share Option Scheme.

### **GENERAL MANDATE TO ISSUE SECURITIES**

At the AGM, ordinary resolutions will be proposed to grant a general mandate to the Directors to allot, issue and otherwise deal with securities of the Company not exceeding the sum of 20% of the aggregate nominal amount of the share capital of the Company in issue at the date of passing such resolution and the aggregate nominal amount of the shares repurchased under the Repurchase Mandate.

At the Latest Practicable Date, the issued share capital of the Company comprised 2,855,000,000 Shares. Subject to the passing of the resolution approving the general mandate and on the basis that no further Shares are issued or repurchased by the Company prior to the AGM, the Company would be allowed under the general mandate to allot, issue and otherwise deal with not exceeding 571,000,000 Shares, representing 20% of the total issued share capital of the Company.

### **GENERAL MANDATE TO REPURCHASE SHARES**

At the AGM, an ordinary resolution will also be proposed to grant the Repurchase Mandate to the Directors. The explanatory statement, required by the Listing Rules to be sent to the Shareholders, is set out in the Appendix I to this circular, which contains all the information reasonably necessary to enable the Shareholders to make an informed decision on whether to vote for or against the resolution for the Repurchase Mandate.

The Repurchase Mandate will expire whichever is the earliest of: (a) the conclusion of the next annual general meeting of the Company; (b) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company, or any applicable law of Cayman Islands to be held; and (c) the date on which the authority given is revoked or varied by an ordinary resolution of the Shareholders.

### **RE-ELECTION OF RETIRING DIRECTORS**

In accordance with Article 87 of the articles of association of the Company, Mr. Wang De Feng, Ms. Weng Xiu Xia, Ms. Xi Zheng Zheng and Mr. Heng Ja Wei shall retire from office at the conclusion of AGM and, being eligible, offer themselves for re-election.

Brief biographical details of the retiring directors proposed to be re-elected at the AGM are set out in Appendix II to this circular.

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## LETTER FROM THE BOARD

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### TERMINATION OF THE GEM SHARE OPTION SCHEME AND THE ADOPTION OF NEW SHARE OPTION SCHEME

Transfer of listing of the Shares of the Company from GEM to the Main Board (the “**Transfer**”) including (i) 2,855,000,000 Shares in issue and (ii) 20,000,000 Shares which may fall to be issued pursuant to the exercise of the outstanding options which were granted under the GEM Share Option Scheme was approved by the Stock Exchange on 3 October 2008. Dealing in the Shares on the Main Board has commenced on 6 October 2008.

As a result of the Transfer, the Directors consider it appropriate to terminate the GEM Share Option Scheme and to introduce the New Share Option Scheme which complies with the Listing Rules.

The Company adopted the GEM Share Option Scheme on 20 September 2002 and is due to expire on 19 September 2012. As at the Latest Practicable Date, 20,000,000 options under the GEM Share Option Scheme have already been granted to Mr. Jiang Qing, an executive Director, and such options are exercisable at an exercise price of HK\$0.44 per Share during the period from 25 May 2004 to 24 May 2014. The Company has not granted any options after the Transfer.

An ordinary resolution will be proposed at the Annual General Meeting for the purpose of terminating the GEM Share Option Scheme and the adoption of New Share Option Scheme whose terms will comply with Chapter 17 and other relevant provisions of the Listing Rules.

It is proposed that the Company shall adopt the New Share Option Scheme to provide the full-time employee of the Company, (including any executive and non-executive Directors) of the Company or any of its Subsidiaries a performance incentive for continued and improved service with the Company and its Subsidiaries and by enhancing such persons’ contribution to increase profits by encouraging capital accumulation and share ownership. A summary of the terms and conditions of the New Share Option Scheme is set out in Appendix III to this circular.

The New Share Option Scheme does not specify a minimum period for which an Option must be held nor a performance target which must be achieved before an Option can be exercised. However, the rules of the New Share Option Scheme provide that the Committee may determine, at its sole discretion, such term(s) on the grant of an Option. The basis for determination of the Subscription Price is also specified precisely in the rules of the New Share Option Scheme.

The Shares which may be issued upon exercise of all Options to be granted under the New Share Option Scheme and any other share option schemes of the Company shall not exceed 10% of the Shares in issue (the “**Scheme Mandate Limit**”, as defined in Appendix III) as at the Adoption Date unless with shareholders’ approval. As at the Latest Practicable Date, there were 2,855,000,000 Shares in issue. Assuming there is no further allotment and issue of Shares and repurchase of Shares, upon the approval of the adoption of the New Share Option Scheme by the Shareholders, the Scheme Mandate Limit is 285,500,000 Shares including any options which have been granted under GEM Share Option Scheme.



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## LETTER FROM THE BOARD

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Pursuant to the Listing Rules, the Directors are required to state the value of all Options that can be granted under the New Share Option Scheme as if they had been granted on the Latest Practicable Date in this circular. However, the Directors consider it inappropriate to value the Options that can be granted under the New Share Option Scheme as various factors (such as Option Period, Subscription Price, and other terms and conditions that an Option is subject to) used for valuation cannot be predicted or ascertained at the moment.

Notwithstanding the termination of GEM Share Option Scheme upon the passing of an ordinary resolution by the Shareholders at the Annual General Meeting, unless otherwise stated, options which have been granted during the life of the GEM Share Option Scheme and remain unexercised immediately prior to the termination of the operation of the GEM Share Option shall remain valid and exercisable in accordance with their terms of issue set out in the GEM Share Option Scheme.

Application will be made to the Listing Committee of the Stock Exchange for the approval of the listing of, and permission to deal in, the Shares which may be issued pursuant to the exercise of the Options under the New Share Option Scheme.

The New Share Option Scheme is conditional upon:

- (i) approval by the Shareholders in the Annual General Meeting for the termination of the GEM Share Option Scheme and the adoption of New Share Option Scheme; and
- (ii) the Listing Committee of the Stock Exchange granting its approval on the listing of, and permission to deal in, the Shares which may be issued pursuant to the exercise of the Options under the New Share Option Scheme.

No Shareholder is required to abstain from voting in the Annual General Meeting under the Listing Rules Controls.

### **Documents available for inspection**

Copies of the rules of the New Share Option Scheme are available for inspection at the principal place of business of the Company in Hong Kong during normal business hours from the date of this circular up to the date of the AGM and at the AGM.

### **CHANGE OF COMPANY NAME**

The Board proposes to change the name of the Company from “China Fire Safety Enterprise Group Holdings Limited” to “China Fire Safety Enterprise Group Limited”, and the Chinese name from 「中國消防企業集團控股有限公司」 (which was adopted for identification only) to 「中國消防企業集團有限公司」.

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## LETTER FROM THE BOARD

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The Proposed Change of Company Name is to simplify the name of the Company. The Proposed Change of Company Name will take effect from the date on which the new name is entered on the register by the Registrar of Companies in the Cayman Islands in place of the existing name. The Company will further carry out the necessary filing procedures with the Registrar of Companies in Hong Kong. Upon the Proposed Change of Company Name becoming effective, all existing share certificates in issue bearing the current name of “China Fire Safety Enterprise Group Holdings Limited (with the Chinese name 中國消防企業集團控股有限公司 adopted for identification only)” will continue to be evidence of title to shares of the Company and valid for trading, settlement and registration purposes and the rights of the Shareholders will not be affected as a result of the change of Company name. Should the Proposed Change of Company Name becomes effective, any issue of share certificates thereafter will be in the new Company name and the securities of the Company will be traded on the Stock Exchange in the new name. There will not be any arrangement for the exchange of the existing share certificates for new shares certificates bearing the new Company name.

The Proposed Change of Company Name is subject to the passing of a special resolution by the Shareholders at the AGM and the approval of the Registrar of Companies in the Cayman Islands.

### ANNUAL GENERAL MEETING

The Notice of AGM is set out on pages 26 to 30 of this circular. A proxy form for use at the AGM is enclosed. Whether or not you propose to attend the AGM, you are requested to complete the proxy form and return the same to the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited of Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong in accordance with the instructions printed thereon not less than 48 hours before the time appointed for the meeting. Completion and delivery of the proxy form will not preclude you from attending and voting at the AGM if you so wish.

The ordinary resolutions to approve the general mandate to issue securities, the Repurchase Mandate, the re-election of retiring Directors, the termination of the GEM Share Option Scheme and the adoption of the New Share Option Scheme, and a special resolution to approve the change of the name of the Company will be proposed at the AGM.

### RECOMMENDATION

The relevant resolutions for the aforesaid are set out in the notice of the AGM, which is set out on pages 26 to 30 to this circular. The Directors are of the opinion that (i) the renewal of general mandates to issue securities, (ii) the renewal of the Repurchase Mandate, (iii) the re-election of the retiring Directors, (iv) the termination of the GEM Share Option Scheme and the adoption of New Share Option Scheme, and (v) the change of Company name are in the best interests of the Company and its Shareholders and therefore recommend you to vote in favour of the relevant resolutions to be proposed at the AGM.

Yours faithfully,

By Order of the Board

**China Fire Safety Enterprise Group Holdings Limited**

**Jiang Xiong**

*Chairman*

This is an explanatory statement given to all Shareholders relating to the resolution to be proposed at the AGM approving the Repurchase Mandate. This explanatory statement contains all the information required pursuant to Rule 10.06(1)(b) of the Listing Rules.

### **1. Exercise of the Repurchase Mandate**

At the Latest Practicable Date, the issued share capital of the Company comprised 2,855,000,000 Shares. Subject to the passing of the resolution approving the Repurchase Mandate and on the basis that no further Shares are issued or repurchased by the Company prior to the AGM, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 285,500,000 Shares, representing 10% of the total issued share capital of the Company.

### **2. Reasons for Repurchases**

The Directors believe that the Repurchase Mandate is in the best interests of the Company and its Shareholders as it would enable the Directors to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value and/or earnings per Share and will only be made when the Directors believe that such repurchase will benefit the Company and its Shareholders.

### **3. Funding of Repurchases**

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its memorandum and articles of association, the Listing Rules and the applicable laws and regulations of the Cayman Islands and Hong Kong. The laws of the Cayman Islands provides that the amount of capital repaid in connection with a share repurchase may only be paid out of the profit of the Company or the proceeds of a fresh issue of shares made for such purpose, or if so authorized by its articles of association and subject to the provisions of the Companies Law, out of capital. The amount of premium payable on repurchase may only be paid out of the profit of the Company or out of the share premium account of the Company, or if so authorized by its articles of association and subject to the provisions of the Companies Law, out of capital. The Company will not repurchase Shares on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in its audited consolidated financial statements for the year ended 31 December 2008) in the event that the Repurchase Mandate is exercised in full. However, the Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or its gearing level which in the opinion of the Directors are from time to time appropriate for the Company.

#### 4. Share Prices

The highest and lowest prices at which the Shares were traded on the Stock Exchange during each of the previous twelve months and up to the Latest Practicable Date prior to the printing of this circular were as follows:

	Price per Share	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
<b>2008</b>		
March	0.540	0.440
April	0.500	0.460
May	0.770	0.465
June	0.610	0.440
July	0.470	0.390
August	0.450	0.340
September	0.405	0.241
October ( <i>Note</i> )	0.350	0.131
November	0.245	0.170
December	0.285	0.198
<b>2009</b>		
January	0.280	0.205
February	0.245	0.216
March	0.226	0.196
April (up to the Latest Practicable Date)	0.275	0.211

*Note:* Listing of the Shares was transferred to the Main Board on 6 October 2008.

#### 5. Undertaking of the Directors

The Directors have undertaken to the Stock Exchange that they will exercise the power of the Company to repurchase Shares pursuant to the Repurchase Mandate in accordance with the Listing Rules, the memorandum and articles of association of the Company and the applicable laws of the Cayman Islands.

#### 6. Disclosure of Interest

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their respective associates, has a present intention to sell any Shares to the Company if the Repurchase Mandate is approved by the Shareholders.

No connected person (as defined in the Listing Rules) of the Company has notified the Company that he/she/it has a present intention to sell Shares to the Company, or has undertaken not to do so, if the Repurchase Mandate is approved by the Shareholders.

## 7. General

If as a result of a repurchase of Shares, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. As a result, a Shareholder or a group of Shareholders acting in concert (within the meaning under the Takeovers Code) could, depending on the level of increase of the Shareholder's interests, obtain or consolidate control of the Company and then becomes obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

So far as the Directors are aware, the following table sets out shareholding structure of the Company as at the Latest Practicable Date:

Name of Shareholder	Existing shareholdings		If Repurchase Mandate is exercised in full	
	Number of Shares held	Approximate percentage of shareholding	Number of Shares held	Approximate percentage of shareholding
Jiang Xiong ("Mr. Jiang")	981,600,000	34.38%	981,600,000	38.20%
Jiang Qing	7,500,000	0.26%	7,500,000	0.29%
United Technologies Far East Limited ("UTFE")	825,000,000	28.90%	825,000,000	32.11%
Subtotal	1,814,100,000	63.54%	1,814,100,000	70.60%
Public	1,040,900,000	36.46%	755,400,000	29.40%
Total	<u>2,855,000,000</u>	<u>100%</u>	<u>2,569,500,000</u>	<u>100%</u>

*Note:* As mentioned in the paragraph below. Mr. Jiang, Mr. Jiang Qing and UTFE are deemed to be acting in concert under the Takeovers Code. Their aggregate shareholdings are 63.54% of existing issued share capital.

By virtue of the arrangements contemplated under an option agreement entered into between Mr. Jiang and UTFE (pursuant to which Mr. Jiang grant an option to UTFE which when exercised would require Mr. Jiang to sell to UTFE certain number of shares at an exercise price as stipulated in the option agreement), Mr. Jiang, Mr. Jiang Qing (Mr. Jiang's brother) and UTFE are persons acting in concert under the Takeovers Code. Taken together, they hold 63.54% of the Company's voting rights and therefore are required to make a mandatory offer under Rule 26 of the Takeovers Code. Mr. Jiang and UTFE has jointly applied to the executive directors of the Corporate Finance Division of the Securities and Futures Commission (the "Executive") for a Whitewash Waiver in respect of the obligations either or both of UTFE and Mr. Jiang to make a general mandatory offer. The Executive has agreed to grant the Whitewash Waiver which was approved by the independent Shareholders by way of a poll at the extraordinary general meeting of the Company held on 29 March 2005.

Reference is also made to the Company's circular dated 10 March 2005. The maximum potential shareholdings of UTFE, Mr. Jiang and Mr. Jiang Qing in the Company exceed and will in aggregate exceed 52% of the voting rights in the Company and they may increase their shareholdings without incurring any further obligation under Rule 26 of the Takeovers Code to make a general offer. Therefore, so far as the Directors are aware, no Shareholder or a group of Shareholders acting in concert who may become obliged to make such mandatory offer in the event that the Repurchase Mandate is exercised in full.

However, as mentioned in the Company's circular dated 10 March 2005, UTFE has undertaken to the executive director of the Corporate Finance Division of the SFC that in the event that it exercises the option granted by Mr. Jiang pursuant to an option agreement dated 1 February 2005 between UTFE and Mr. Jiang and acquires the Shares from Mr. Jiang pursuant thereto, it will at the time of such acquisition make a general offer for the Shares in compliance with the Takeovers Code.

Details of the above-mentioned option agreement dated 1 February 2005 are set out in the Company's announcement and circular dated 2 February 2005 and 10 March 2005 respectively.

#### **8. Share Purchase Made by the Company**

No repurchases of Shares have been made by the Company during the six months preceding the date of this circular, whether on the Stock Exchange or otherwise.

**Mr. Wang De Feng**, aged 40, was appointed as an executive Director of the Company on 19 September 2006. He is a graduate of the Second Mechanical Engineering Department of the Chongqing University. He joined the Group in 2005. He is a vice president of the Group responsible for overseeing the Group's production and sales of fire engines and fire protection equipment.

No service agreement has been entered into between the Company and Mr. Wang. He has no fixed service terms but is subject to retirement by rotation in accordance with the Company's articles of association. Mr. Wang is entitled to an annual director's fee of HK\$180,000 and discretionary bonus calculated on the basis of performance of the Group but in any events the discretionary bonus for all executive directors shall not exceed 10% of the audited consolidated net profit after taxation and minority interests but before extraordinary and exception items of the Group for that financial year. Mr. Wang has no interest in the shares of the Company within the meaning of Part XV of the SFO and is not a connected person of the directors, senior management, management shareholders, substantial shareholders, or controlling shareholders of the Company. Apart from the Company, Mr. Wang did not hold any directorship in listed public companies in the last 3 years other than in the Company.

There is no information relating to Mr. Wang that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules.

Save as disclosed above, the Company is not aware of any other matters that need to be brought to the attention of the Shareholders in relation to the re-election of Mr. Wang as the executive Director.

**Ms. Weng Xiu Xia**, aged 39, was appointed as an executive Director of the company on 5 February 2007. Ms. Weng joined the Group in 1998 and is a vice president of the Group responsible for overseeing the Group's installation and maintenance service on fire safety systems. She has over 15 years experience in project design and management since she graduated from the Faculty of Civil Engineering of the University of Fuzhou in 1992. She is awarded "Grade I project manager" by the Ministry of Construction in 2004 and was elected executives of the Construction Industry Association and its branch for fire Safety industry in 2006. Ms. Weng was awarded "Outstanding Manager" by the Construction Office of Fujian Province in 2007.

No service agreement has been entered into between the Company and Ms. Weng. She has no fixed service terms but is subject to retirement by rotation in accordance with the Company's articles of association. Ms. Weng is entitled to an annual director's fee of HK\$180,000 and discretionary bonus calculated on the basis of performance of the Group but in any events the discretionary bonus for all executive directors shall not exceed 10% of the audited consolidated net profit after taxation and minority interests but before extraordinary and exception items of the Group for that financial year. Ms. Weng has no interest in the shares of the Company within the meaning of Part XV of the SFO and is not a connected person of the directors, senior management, management shareholders, substantial shareholders, or controlling shareholders of the Company. Apart from the Company, Ms. Weng did not hold any directorship in listed public companies in the last 3 years other than in the Company.

There is no information relating to Ms. Weng that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules.

Save as disclosed above, the Company is not aware of any other matters that need to be brought to the attention of the Shareholders in relation to the re-election of Ms. Weng as the executive Director.

**Ms. Xi Zheng Zheng**, aged 41, was appointed as a non-executive Director of the Company on 9 November 2006. She is the director of Legal Affairs of UTC Fire & Security Asia. She graduated with a LL.B from Beijing University Law School and a LL.M from Cornell Law School (New York, USA). She is a qualified lawyer in both China and State of New York, USA. She joined United Technologies Corporation in 1998 and served as Counsel for Otis and Pratt Whitney respectively, prior to joining UTC Fire & Security.

No service agreement has been entered into between the Company and Ms. Xi. She has no fixed service terms but is subject to retirement by rotation in accordance with the Company's articles of association. Ms. Xi is not entitled directors' emoluments of any kind at the current stage. However, should it be considered appropriate in the future, their emoluments will be subject to review of the remuneration committee of the Board with reference to the then prevailing market conditions. Except that Ms. Xi is an employee of a related company of United Technologies Far East Limited, a substantial shareholder holding 29% of the Company's issued share capital, they have no relationship with any directors, senior management, management shareholders, substantial shareholders or controlling shareholder of the Company. She has no interests in shares of the Company within the meaning of Part XV of the SFO. Apart from the Company, Ms. Xi did not hold any directorship in listed public companies in the last 3 years other than in the Company.

There is no information relating to Ms. Xi that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules.

Save as disclosed above, the Company is not aware of any other matters that need to be brought to the attention of the Shareholders in relation to the re-election of Ms. Xi as the non-executive Director.

**Mr. Heng Ja Wei**, aged 31, was appointed as an independent non-executive Director of the Company on 4 March 2009. He is a Principal of Morison Heng, Certified Public Accountants. He holds a Master of Science degree of the Imperial College, the University of London. He is a member of The Association of Chartered Certified Accountants and a member of The Hong Kong Institute of Certified Public Accountants.

No service agreement has been entered into between the Company and Mr. Heng. He has no fixed service terms but is subject to retirement by rotation in accordance with the Company's articles of association. The director's emoluments, which are determined based on the estimated time to be spent by him on the Company's matters, are HK\$150,000 per annum. Mr. Heng has confirmed his independency pursuant to Rule 3.13 of the Listing Rules. He has no interest in the shares of the Company within the meaning of Part XV of the SFO and is not a connected person of the Company as defined in the Listing Rules. He does not have any relationships with the directors, senior management, management shareholders, substantial shareholders, or controlling shareholders of the Company. Apart from the Company, Mr. Heng did not hold any directorship in any listed public company in the last 3 years.



There is no information relating to Mr. Heng that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules.

Save as disclosed above, the Company is not aware of any other matters that need to be brought to the attention of the Shareholders in relation to the re-election of Mr. Heng as the independent non-executive Director.

**SHARE OPTION SCHEME**

*Unless otherwise stated, terms used in this appendix III shall bear the same meanings as those defined in this circular.*

The following is a summary of the principal terms of the New Share Option Scheme to be adopted at the Annual General Meeting:

**1. Purpose of the New Share Option Scheme**

The purpose of the New Share Option Scheme is to advance the interests of the Company and its Shareholders by providing to Eligible Persons a performance incentive for continued and improved service with the Company and its Subsidiaries and by enhancing such persons' contribution to increase profits by encouraging capital accumulation and share ownership.

**2. Duration of the New Share Option Scheme**

Subject to paragraph 17, the New Share Option Scheme shall be valid and effective until the close of business of the Company on the date which falls ten (10) years after the Adoption Date, after which period no further Options will be granted but the provisions of the Scheme shall remain in full force to the extent necessary to give effect to the exercise of any Options which are granted during the life of the Scheme may continue to be exercisable in accordance with their terms of issue.

**3. Who may join**

A duly authorised Committee of the Board of the Company, including all the independent non-executive directors of the Company for the time being (and also the independent non-executive directors of any holding company of the Company which is also listed on the Main Board or GEM) may, at its discretion, offer any full-time employee of the Company or any of its Subsidiary, including any executive and non-executive directors of the Company or any of its Subsidiaries the Options at a consideration of HK\$1.00 pursuant to the rules of the New Share Option Scheme.

**4. Grant of option**

An Offer shall be made to an Eligible Person at a consideration of HK\$1.00 by letter in such form as the Committee may from time to time determine requiring the Eligible Person to undertake to hold the Option on the terms on which it is to be granted and to be bound by the provisions of the Scheme. The Scheme shall remain open for acceptance by the Eligible Person concerned for a period of 21 days from the Offer Date. An Offer may not be accepted unless the Participant remains an Eligible Person on acceptance.

Any grant of Options must not be made after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision, until such price sensitive information has been announced in accordance with the requirements of the Listing Rules. In particular, no option shall be granted during the period commencing one month immediately preceding the earlier of:

- 4.1 the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and
- 4.2 the deadline for the Company to publish its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules);

and ending on the date of the results announcements.

Any grant of Options must not be made and any director of the Company must not deal in any Options, including the acceptance of an offer for the grant of an Option, on any day on which the Company's financial results are published (including any period of delay in the publication of a results announcement) and:

- 4.3 during the period of 60 days immediately preceding the publication date of annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and
- 4.4 during the period of 30 days immediately preceding the publication date of quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant financial quarterly or half-year period up to the publication date of the results,

unless the circumstances are exceptional as provided in Section C of Appendix 10 of the Listing Rules.

## **5. Payment on acceptance of an Offer**

Upon acceptance of the Offer, the Eligible Person shall pay HK\$1.00 by way of consideration for the grant thereof.

## **6. Subscription Price**

The Subscription Price shall be the fair market value of the Shares, as determined by the Committee, which should be calculated with reference to and in any event shall be at least the higher of:

- 6.1 the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the relevant Option, which must be a Business Day; and

6.2 the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five (5) Business Days immediately preceding the date of grant of the relevant Option; and

6.3 the nominal value of a Share.

## **7. Exercise of Options**

Subject to paragraph 12, an Option may be exercised in whole or in part at any time during the Option Period by the Participant (or in the case of his or her death, his or her legal personal representatives). The exercise of Options by a Participant is not tied to any performance target requirements. When an Option is exercised only in part, the balance shall remain exercisable on the same terms as originally applied to the whole Option and a new Option certificate shall be issued accordingly by the Company as soon as reasonably practicable after such partial exercise.

## **8. Option shall be personal**

Except for a transfer to an offeror pursuant to an offer made in accordance with the Takeovers Code, an Option shall be personal to the Participant and shall not be assignable and no Participant shall in any way sell, transfer, charge, mortgage, encumber or otherwise dispose of or create any interest whatsoever in favour of any third party over or in relation to any Option or attempt to do so.

## **9. Ranking of Shares and rights of Option holders**

A Share allotted upon the exercise of an Option shall not carry voting rights until completion of the registration on the register of Shareholders of the Participant (or any other person) as the holder thereof. If under the terms of a resolution passed or an announcement made by the Company prior to the date of exercise of an Option, a dividend is to be or is proposed to be paid to holders of Shares by reference to a record date prior to such date of exercise, the Shares to be issued upon such exercise will not rank for such dividend.

## **10. Rights on take-over**

Subject to paragraph 12, if an offer has been made to acquire all or part of the issued Shares, or all or part of the issued Shares other than those held by the offeror and any persons acting in concert with the offeror, and the Company becomes aware that the right to cast more than 50% of the votes which may ordinarily be cast on a poll at a general meeting of the Company in respect of issued Shares has or will become vested in the offeror and/or any such persons, the Company shall give written notice to all Participants of such vesting as soon as reasonably practicable after becoming so aware. Each Participant may by notice in writing to the Company within 21 days of the date of such notice exercise his or her outstanding Option to its full extent or to the extent specified in such notice. If the Participant fails to notify the Company, his or her outstanding Option will lapse. For the purposes of this paragraph, "acting in concert" shall mean persons who, pursuant to an agreement or understanding, actively co-operate to obtain a holding, or aggregate holdings of more than 50% of the issued Shares.

**11. Rights on a compromise or arrangement**

Subject to paragraph 12, in the event of a compromise or scheme of arrangement between the Company and its members or creditors being proposed in connection with the scheme for the reconstruction or amalgamation of the Company, the Company shall give notice thereof to all Participants on the same day as it gives notice of the meeting to its members or creditors summoning the meeting to consider such a compromise or arrangement and the Participants (or his personal representatives) may by notice in writing to the Company accompanied by the remittance for the full amount of the aggregate Subscription Price for the Shares in respect of which the notice is given (such notice to be received by the Company not later than two Business Days prior to the proposed meeting) exercise the Option (to the extent not already exercised) either to its full extent or to the extent specified in such notice and the Company shall as soon as possible and in any event no later than the Business Day immediately prior to the date of the proposed meeting, allot and issue such number of Shares to the Participant which falls to be issued on such exercise of the Option credited as fully paid and register the Participant as holder thereof. Upon the compromise or arrangement becoming effective, all outstanding Options shall lapse except insofar as exercised.

Subject to paragraph 12, in the event that a notice is given by the Company to its Shareholders to convene a general meeting for the purpose of considering, and if thought fit, approving a resolution to voluntarily wind-up the Company when the Company is solvent, the Company shall on the day of such notice to each Shareholder or as soon as practicable, give notice thereof to all Participants (together with a notice of the existence of this provision). Thereupon each Participant (or where permitted his legal personal representatives) shall be entitled to exercise all or any of his outstanding Options at any time not later than two Business Days prior to the proposed general meeting of the Company by giving notice in writing to the Company, accompanied by a remittance for the full amount of the aggregate Subscription Price for the Shares in respect of which the notice is given, whereupon the Company shall as soon as possible and, in any event, no later than the Business Day immediately prior to the date of the proposed general meeting referred to above, allot and issue the relevant Shares to the Participant credited as fully paid.

Subject to paragraph 12, in the event of a reorganisation or proposed reorganisation, the Company, at its option, may do either of the following:

- 11.1 the Company may irrevocably commute for or into any other securities or other property or cash any Option that is still capable of being exercised, upon giving to the Participant to whom such Option has been granted at least 21 days written notice of its intention to commute the Option, and during such period of notice, the Option, to the extent that it has not been exercised, may be exercised by the Participant by notice in writing to the Company to its full extent or to the extent specified in such notice and on the expiry of such period of notice, the unexercised portion of the Option shall lapse and be cancelled, or

- 11.2 the Company or any company which is or would be the successor to the Company or which may issue securities in exchange for Shares upon the reorganisation becoming effective, may offer any Participant the opportunity to obtain a new or replacement option over any securities into which the Shares are changed or are convertible or exchangeable, on a basis proportionate to the number of Shares under option. In such event, the Participant shall, if the Participant accepts such offer, be deemed to have released such Participant's Option over Shares and such Option shall be deemed to have lapsed automatically upon the acceptance of the aforesaid offer by the Participant.

In this paragraph 11, reorganisation means any (i) compromise or arrangement, or (ii) offer for Shares which if successful would entitle the offeror to acquire all of the Shares or all of one or more particular class(es) of Shares to which the offer relates. Paragraphs 11.1 and 11.2 above are intended to be permissive and may be utilised independently or successively in combination or otherwise, and nothing therein contained shall be construed as limiting or affecting the ability of the Company to deal with Options in any other manner.

## **12. Lapse of Options**

An Option shall lapse automatically and not be exercisable (to the extent not already exercised) on the earliest of the following events:

- 12.1 the relevant Option Period in respect of the Option having expired;
- 12.2 the first anniversary of the death of the Participant;
- 12.3 the date on which the Group terminates the Participant's employment or removes the Participant who has been guilty of serious misconduct from his or her office on the ground that the Participant commits an act of bankruptcy or has become insolvent or has made any arrangements or composition with his creditors generally, or has been convicted of any criminal offence involving his or her integrity or honesty or has been in breach of contract. A resolution of the Board to the effect that the employment of such Participant has or has not been terminated on one or more of the grounds specified in this sub-clause shall be conclusive and binding on the Participant;
- 12.4 the expiry of a period of three months from the date of the Participant ceasing to be an Eligible Person by reason of:
- (a) his or her retirement on or after attaining normal retirement age or, with the express consent of the Board in writing for the purpose of this clause, at a younger age;
  - (b) ill health or disability recognised as such expressed by the Board in writing for the purpose of this paragraph;
  - (c) the company by which he or she is employed and/or of which he or she is a director (if not the Company) ceasing to be a Subsidiary;

- (d) the expiry of his or her employment contract or the vacation of his or her office with the Company or a Subsidiary and such contract is not immediately extended or renewed; or
- (e) at the discretion of the Committee, any reason other than death or the reasons described in paragraph 12.3 or 12.4(a) to 12.4(d).

12.5 the expiry of any period referred to in paragraph 10 or 11, provided that:

- (a) (in the case of paragraph 10) the offeror who acquires all or part of the issued Shares, or all or part of the issued Shares other than those held by the offeror and any persons acting in concert with the offeror (as defined in the Takeovers Code), may exercise any Options tendered in acceptance of its offer within 21 days after the date on which the offer becomes or is declared unconditional;
- (b) (in the case of paragraph 11) all Options granted shall lapse upon the proposed compromise or arrangement becoming effective; or

12.6 the date the Participant commits any breach of the provision of paragraph 8.

### 13. Maximum number of Shares available for subscription

The overall limit on the number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the Scheme and any other schemes must not exceed 30% of the Shares in issue from time to time (“**Scheme Limit**”).

The total number of Shares available for issue under Options which may be granted under the Scheme and any other schemes must not in aggregate exceed 10% of the Shares in issue as at the date of approval of the Scheme (“**Scheme Mandate Limit**”), unless Shareholders’ approval has been obtained. On the basis of 2,855,000,000 Shares in issue as at the date hereof, the Scheme Mandate Limit will be 285,500,000 Shares available for issue under Options which may be granted under the Scheme, including any options which have been granted under GEM Share Option Scheme. Options lapsed in accordance with the terms of the Scheme shall not be counted for the purpose of calculating the Scheme Mandate Limit.

The Scheme Mandate Limit may be renewed at any time subject to Shareholders’ approval in general meeting. The Scheme Mandate Limit as “refreshed” must not exceed 10% of the Shares in issue at the date of the approval of the Scheme Mandate Limit. Options previously granted under the Scheme and any other schemes of the Company (including those outstanding, cancelled, lapsed in accordance with the Scheme or exercised Options) will not be counted for the purpose of calculating the Scheme Mandate Limit as “refreshed”. A circular for the purpose of seeking Shareholders’ approval on the renewal of the Scheme Mandate Limit containing information required under the Listing Rules must be sent to the Shareholders.

The total number of Shares issued and to be issued upon exercise of the Options granted to each Participant (including both exercised and outstanding Options) in any 12-month period up to the date of the grant to such Participant shall not exceed 1% of the Shares in issue (the “**1% Limit**”). Any further grant of Options in excess of this 1% Limit must be subject to Shareholders’ approval with that Participant and his Associates abstaining from voting and the issue of a circular. The circular must disclose the identity of the Participant, the number and the terms of the Options granted and to be granted. The number and terms of the Options to be granted to such Participant must be fixed before Shareholders’ approval and the date of the Board meeting for proposing such further grant to such Participant should be taken as the date of grant for the purpose of calculating the Subscription Price of the Shares.

The Company may also seek separate Shareholders’ approval for granting Options beyond the Scheme Mandate Limit to Participants specifically identified by the Company before such approval is sought and subject to Shareholders’ approval and the issue of a circular to all the Shareholders. The circular must contain a generic description of the identified Participants, the number and terms of the Options to be granted, the purpose of granting Options to the identified Participants, an explanation as to how the terms of such Options serve the intended purpose and such other information as the Shareholders’ consider applicable and required under Rule 17.02(2)(d) and the disclaimer required under Rule 17.02(4) of the Listing Rules.

#### **14. Changes in share capital of the Company**

Subject to paragraph 13, if there is any alteration in the capital structure of the Company while any Option remains exercisable, whether by way of capitalisation of profits or reserves, rights issue, consolidation, subdivision or reduction of the share capital of the Company (other than an issue of Shares as consideration in respect of a transaction to which the Company is a party) or otherwise, such corresponding alterations (if any) shall be made in:

14.1 the number of Shares (without fractional entitlements) subject to the Option so far as unexercised; and/or

14.2 the Subscription Price.

Except alterations made on a capitalisation issue, any alteration to the number of Shares subject to the Option, the Subscription Price and/or the method of exercise of the Option shall be conditional on the Auditors confirming in writing to the Board or the Committee that the alteration made is on the basis that the proportion of the issued share capital of the Company to which a Participant is entitled after such alteration shall remain the same as that to which he or she was entitled before such alteration. No such alteration shall be made to the effect of which would be to enable any Share to be issued at less than its nominal value or which would result in the aggregate amount payable on the exercise of any Option in full being increased. The capacity of the Auditors in this paragraph is that of experts and not of arbitrators and their certification shall be final and binding on the Company and the Participants in the absence of manifest error. The costs of the Auditors in so certifying shall be borne by the Company.



**15. Alteration of the New Share Option Scheme**

The Scheme may be altered in any respect by resolution of the Board or the Committee except that the provisions of the Scheme relating to Rule 17.03 of the Listing Rules shall not be altered to the advantage of the Eligible Persons, Participants or prospective Participants provided that the prior sanction of a resolution of the Company in general meeting has been obtained, with the Eligible Persons, the Participants and their respective Associates abstaining from voting. No alteration shall operate to affect adversely the terms of issue of any Option granted or agreed to be granted prior to such alteration except with the consent or sanction of such number of Participants as shall together hold Options in respect of not less than three-fourths in nominal value of all Shares then subject to Options granted under the Scheme. Any alterations to the terms and conditions of the Scheme which are of a material nature shall first be approved by the Shareholders in general meeting, except where such alterations take effect automatically under the existing terms of the Scheme.

Notwithstanding the foregoing, no modification of or amendment to the Scheme made by the Board or the Committee shall be effective prior to approval by the Shareholders to the extent Shareholders' approval is otherwise required by applicable legal requirements.

The amended terms of the Scheme shall continue to comply with the relevant requirements of Chapter 17 of the Listing Rules.

Any change to the authority of the directors or scheme administrators in relation to any alteration to the terms of the Scheme must be approved by the shareholders in general meeting.

**16. Grant of Options to Connected Persons or any of their Associates**

Where Options are proposed to be granted to a Connected Person or his Associates, the proposed grant must be approved by all independent non-executive directors of the Company (excluding independent non-executive director of the Company who is the grantee of the relevant Options).

If a grant of Options to a Substantial Shareholder or an independent non-executive director or their respective Associates will result in the total number of the Shares issued and to be issued upon exercise of the Options already granted and to be granted (including exercised, cancelled and outstanding Options) to such person in the 12-month period up to and including the date of the grant representing in aggregate over 0.1% of the Shares in issue and having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5 million, then such further grant of Options must be approved by the Shareholders in general meeting and the Company must send a circular to the Shareholders. All Connected Persons must abstain from voting in favour at such general meeting.

The circular must contain the following:

- 16.1 details of the number and terms (including the exercise price) of the Options to be granted to each Participant, which must be fixed before the Shareholders' meeting, and the date of Board meeting for proposing such further grant is to be taken as the date of grant for the purpose of calculating the Subscription Price;

- 16.2 a recommendation from the independent non-executive directors of the Company (excluding independent non-executive director who is the grantee of the Options) to independent Shareholders as to voting;
- 16.3 information required under Rules 17.02(2)(c) and (d) of the Listing Rules and the disclaimer required under Rule 17.02(4) of the Listing Rules; and
- 16.4 the information required under Rule 2.17 of the Listing Rules.

Shareholders' approval as described above is required for any change in the terms of Options granted to an Eligible Person who is a Substantial Shareholder, an independent non-executive director of the Company or their respective Associates.

For the avoidance of doubt, the requirements for granting of Options to a director, or chief executive of the Company set out above do not apply where the Eligible Person is only a proposed director or chief executive of the Company.

## **17. Termination**

The Company may at any time by ordinary resolution in general meeting terminate the operation of the Scheme before the end of its life and in such event no further Options will be offered but the provisions of the Scheme shall, subject to the paragraph below, remain in all other respects in full force and effect of any Options granted prior thereto but not yet exercised at the time of termination.

Options complying with the provisions of Chapter 17 of the Listing Rules which are granted during the life of the Scheme and remain unexpired immediately prior to the termination of the operation of the Scheme shall continue to be exercisable in accordance with their terms of issue within one month after the termination of the operation of the Scheme.

## **18. GEM Share Option Scheme**

Notwithstanding the termination of GEM Share Option Scheme upon the passing of an ordinary resolution by the Shareholders of the Company at the AGM, unless otherwise stated, options which are granted during the life of the GEM Share Option Scheme and remain unexercised immediately prior to the termination of the operation of the GEM Share Option shall remain valid and exercisable in accordance with their terms of issue set out in the GEM Share Option Schem.

## **19. Cancellation**

Any cancellation of Options granted but not exercised must be approved by the Shareholders in general meeting, with Participants and their Associates abstaining from voting. Any vote taken at such general meeting to approve such cancellation must be taken by poll. Details of the Options granted, including Options exercised or outstanding, under the Scheme, and (if applicable) Options that become void or non-exercisable as a result of termination must be disclosed in the circular to the Shareholders seeking approval for the first new scheme to be established after such termination.

Notwithstanding the above, new Options may be granted to the Option holder in substitution of his or her cancelled Options subject to the availability of the unissued Options within the Scheme Mandate Limit (excluding the cancelled Options).

**20. Conditions of the New Share Option Scheme**

The New Share Option Scheme is conditional on:

- 20.1 the passing of an ordinary resolution to adopt the Scheme by the Shareholders of the Company at the AGM; and
- 20.2 the Listing Committee of the Stock Exchange granting approval to the listing of, and permission to deal in the Shares on the Main Board which may fall to be issued pursuant to the exercise of the Options to be granted under the Scheme.

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## NOTICE OF ANNUAL GENERAL MEETING

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**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of China Fire Safety Enterprise Group Holdings Limited (the “Company”) will be held at Kellett Room II, 3/F, The Excelsior, Hong Kong, 281 Gloucester Road, Causeway Bay, Hong Kong on 29 May 2009 (Friday) at 3:00 p.m. for the following purposes:

1. To receive and consider the audited consolidated financial statements of the Company and its subsidiaries (together, the “Group”) and the report of the Directors and auditors for the year ended 31 December 2008;
2. To re-elect retiring Directors of the Company (“the “Directors”) and authorise the board of Directors (the “Board”) to fix their remuneration;
3. To re-appoint the auditors Messrs. Deloitte Touche Tohmatsu and authorise the Board to fix their remuneration; and

By way of special business, to consider and, if thought fit, pass with or without amendments, the following resolution as ordinary resolution;

### ORDINARY RESOLUTIONS

4. **“THAT:**
  - (a) subject to paragraph (c) of this Resolution, the Directors be and are hereby granted an unconditional general mandate to exercise during the Relevant Period (as hereinafter defined in this Resolution) all the power of the Company to allot, issue and deal with additional shares in the Company (the “Shares”) and to allot, issue or grant securities convertible or exchangeable into Shares, or options, warrants or similar rights to subscribe for or acquire Shares or such convertible or exchangeable securities, and to make or grant offers, agreements and options in respect thereof;
  - (b) the mandate referred to in paragraph (a) of this Resolution shall authorise the Directors during the Relevant Period to make or grant offers, agreements, options and rights of exchange or conversion which might require the exercise of such power after the end of the Relevant Period;
  - (c) the aggregate nominal amount of share capital of the Company allotted, issued or dealt with or agreed conditionally or unconditionally to be allotted, issued or dealt with (whether pursuant to options or otherwise) by the Directors pursuant to the mandate referred to in paragraph (a), otherwise than pursuant to
    - (i) a Rights Issue;
    - (ii) the exercise of rights of subscription or conversion under the terms of any options, warrants or similar rights or convertible securities issued by the Company or any securities which are convertible or exchangeable into Shares;

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## NOTICE OF ANNUAL GENERAL MEETING

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- (iii) the exercise of the subscription rights under options granted under any option scheme or similar arrangement of the Company for the time being adopted for the grant or issue to officers or employees of the Company or any of its subsidiaries or any eligible participants under such scheme or arrangement of Shares or rights to acquire Shares; or
- (iv) any scrip dividend or similar arrangement providing for the allotment and issue of Shares or other securities of the Company in lieu of the whole or part of a dividend on Shares in accordance with the articles of association of the Company,

shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing this Resolution and the said approval in paragraph (a) of this Resolution shall be limited accordingly;

- (d) for the purposes of this Resolution:

“Relevant Period” means the period from the passing of this Resolution up to:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by any applicable law or the articles of association of the Company to be held; or
- (iii) the revocation or variation of the authority given under this Resolution by an ordinary resolution of the shareholders of the Company in general meeting,

whichever is the earliest; and

“Rights Issue” means an offer of Shares or other securities of the Company open for a period fixed by the Directors to holders of Shares registered on the register of shareholders of the Company on a fixed record date in proportion to their then holdings of such Shares as at that date (subject to such exclusions or other arrangements as the Directors may in their absolute discretion deem necessary, desirable or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of or the requirements of any recognised regulatory body or any stock exchange in, any territory applicable to the Company).”

5. **“THAT:**

- (a) subject to paragraph (b) of this Resolution, the exercise by the Directors all powers of the Company during the Relevant Period (as hereinafter defined in this Resolution) to repurchase its own shares (the “Shares”), be and is hereby generally and unconditionally approved;

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## NOTICE OF ANNUAL GENERAL MEETING

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(b) the aggregate nominal amount of Shares which may be repurchased by the Company on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or any other stock exchange recognised by the Securities and Futures Commission of Hong Kong and the Exchange for this purpose pursuant to the approval in paragraph (a) of this Resolution shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing this Resolution, and the said approval shall be limited accordingly; and

(c) for the purpose of this Resolution:

“Relevant Period” means the period from the passing of this Resolution up to:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by any applicable law or the articles of association of the Company to be held; and
- (iii) the revocation or variation of the authority given under this Resolution by an ordinary resolution of the shareholders of the Company in general meeting, whichever is the earliest.”

6. **“THAT** conditional upon the passing of Ordinary Resolutions No. 4 and 5 set out in the notice, of which this Resolution forms part, the aggregate nominal amount of share capital of the Company that may be allotted, issued or dealt with or agreed conditionally or unconditionally to be allotted, issued or dealt with by the Directors pursuant to and in accordance with the mandate granted under Ordinary Resolution No. 4 be and is hereby increased and extended by the addition thereto of the aggregate nominal amount of the shares in the Company repurchased by the Company pursuant to and in accordance with the mandate granted under Ordinary Resolution No. 5 since the granting of such repurchase mandate, provided that such amount shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing this Resolution.”

7. **“THAT**, subject to the Listing Committee of the Stock Exchange granting its approval on the listing of, and permission to deal in, the shares of the Company (the **“Shares”**) which may be issued pursuant to the exercise of the options which may be granted under the new share option scheme (a copy of which will be produced to the meeting and signed by the chairman of this meeting for identification) (the **“New Share Option Scheme”**),

(a) the operation of the existing share option scheme (the **“GEM Share Option Scheme”**) adopted by the Company on 20 September 2002 be terminated and that no further options be granted under the GEM Share Option Scheme but in all other respects the provisions of the GEM Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any options granted prior thereto or otherwise as may be required in accordance with the provisions of the GEM Share Option Scheme and options granted prior to such termination shall continue to be valid and exercisable in accordance with the GEM Share Option Scheme; and

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- (b) the rules of the New Share Option Scheme be and are hereby approved and adopted and that the directors of the Company be and are hereby authorised:
- (i) to administer the New Share Option Scheme under which the options will be granted to the eligible persons under the New Share Option Scheme to subscribe for the Shares;
  - (ii) to modify and/or amend the rules of the New Share Option Scheme from time to time subject to the provisions of such rules;
  - (iii) to issue and allot from time to time such number of Shares as may be required to be issued pursuant to the exercise of the options under the New Share Option Scheme;
  - (iv) to make application at the appropriate time or times to the Stock Exchange for listing of, and permission to deal in, the Shares which may hereafter from time to time issued and allotted pursuant to the exercise of the options under the New Share Option Scheme; and
  - (v) to consent, if it do deems fit and expedient, to such conditions, modifications and/or variations as may be required or imposed by the relevant authorities in relation to the New Share Option Scheme.”
8. To consider and, if thought fit, pass the following resolution as a special resolution of the Company:

### SPECIAL RESOLUTION

“**THAT** the name of the Company be changed from “China Fire Safety Enterprise Group Holdings Limited” to “China Fire Safety Enterprise Group Limited” and the Chinese name from 「中國消防企業集團控股有限公司」 (which was adopted for identification only) to 「中國消防企業集團有限公司」.”

By Order of the Board  
**China Fire Safety Enterprise Group Holdings Limited**  
**Li Ching Wah**  
*Company Secretary*

Hong Kong, 24 April 2009

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## NOTICE OF ANNUAL GENERAL MEETING

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*Registered Office:*

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

*Head office and principal place of business in the PRC:*

No. 8, Section I, Xin Hua Road  
Chengdu Cross-Straits Technological Industry Park  
Wengjiang District  
Chengdu City  
Sichuan Province, PRC

*Principal place of business in Hong Kong:*

Room 2002-03, 20th Floor  
World Trade Centre  
280 Gloucester Road  
Causeway Bay  
Hong Kong

*Notes:*

1. A shareholder of the Company entitled to attend and vote at the Annual General Meeting convened is entitled to appoint one or more proxies to attend and vote on his behalf. A proxy need not be a shareholder of the Company.
2. In case of a joint holding, the form of proxy may be signed by any joint holder, but if more than one joint holder is present at the meeting, whether in person or by proxy, that one of the joint holders whose name stands first on the register of members in respect of the relevant joint holding shall alone be entitled to vote in respect thereof.
3. To be valid, the form of proxy together with any power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power or authority must be deposited with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for the holding of the Annual General Meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude a member from attending and voting in person.
4. A form of proxy for the meeting is enclosed with this circular.