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Wanyou Fire Safety Technology Holdings Limited

萬友消防科技控股有限公司

(Incorporated in the Cayman Islands with limited liability)

PLACEMENT OF EXISTING SHARES BY A CONTROLLING SHAREHOLDER

The Company was informed by the Controlling Shareholder that on 3 October 2003, he has entered into a sales and purchase agreement on 3 October 2003 to place a total of 200 million Shares to investors at HK\$0.35 per Share, through CLSA Limited. The Shares to be placed under the Placement represent 10% of the existing issued share capital of the Company, comprising of (i) 100 million Shares to Beijing Finance, which is indirectly owned by The Capital Group and is an independent third party; and (ii) 100 million Shares to Cantus Limited, which prior to the Placement held 160 million Shares representing 8% of the ordinary issued share capital of the Company, each at a price of HK\$0.35 per Share.

In addition, the Controlling Shareholder will transfer 100 million Shares to Mr. Jiang Qing, an executive director of the Company and a brother of the Controlling Shareholder on 8 October 2003 at a nominal consideration of HK\$1.

THE PLACEMENT

Pursuant to Rule 17.10 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”), Wanyou Fire Safety Technology Holdings Limited (the “Company”) would like to inform general investors regarding details of the placement of shares of the Company (the “Shares”) by Mr. Jiang Xiong (the “Controlling Shareholder”). Mr. Jiang Xiong is a founder of the Company and its subsidiaries as well as the chairman, chief executive officer and an executive director of the Company. The Company was informed by the Controlling Shareholder that on 3 October 2003, Mr. Jiang Xiong has entered into a sales and purchase agreement on 3 October 2003 to place a total of 200 million Shares to investors at HK\$0.35 per Share (the “Placement”), through CLSA Limited, the Placing Agent. The Shares to be placed under the Placement represent 10% of the existing issued share capital of the Company, comprising of (i) 100 million Shares to The Hong Kong Beijing Finance and Investment Limited (香港北京財務投資有限公司) (“Beijing Finance”), an independent third party which is not connected with any of the directors, supervisors, chief executive, substantial shareholders, initial management shareholders and promoters of the Company or any of their respective associates (as defined in the GEM Listing Rules); and (ii) 100 million Shares to Cantus Limited, which prior to the Placement held 160 million Shares, representing 8% of the existing issued share capital of the Company, each at a price of HK\$0.35 per Share (the “Placing Price”). The Placing

Price was determined after arm's length negotiations and after taking into account of potential business opportunities. The Placing Price represented a discount of approximately 25.5 per cent and 11.6 per cent respectively of the last closing price of HK\$0.47 per Share on 3 October 2003 and the average closing price of HK\$0.396 over the 10 trading days up to and including 3 October 2003, as quoted on The Stock Exchange of Hong Kong Limited.

The Controlling Shareholder has undertaken (a) not to reduce his holding of shares in the Company for a period of three months from 8 October 2003; and (b) for a further period of nine months immediately thereafter, not to reduce his shareholding in the Company such that he would cease to be a controlling shareholder of the Company (as defined in the Hong Kong Code on Takeovers and Mergers), unless with the prior consent of CLSA Limited, Cantus Limited and Beijing Finance.

TRANSFER OF SHARES FROM CONTROLLING SHAREHOLDER TO AN EXECUTIVE DIRECTOR

In addition, the Controlling Shareholder will transfer 100 million Shares to Mr. Jiang Qing, an executive director of the Company and a brother of the Controlling Shareholder, on 8 October 2003 (the "Transfer") at a nominal consideration of HK\$1.

The Controlling Shareholder has confirmed that he will continue to remain as the Chairman of the Company and be actively involved in the management of the Company.

BACKGROUND OF BEIJING FINANCE

Beijing Finance is a wholly owned subsidiary of New Capital Investment Company Limited (新融投資有限公司), which is wholly owned by Economy Develop Invest Co., Beijing (北京經濟發展投資公司). Economy Develop Invest Co., Beijing, in turns, is a wholly owned subsidiary of The Capital Group (北京首都創業集團有限公司). Beijing Finance is an investment holding company with an investment focus in Hong Kong. The Capital Group is a state-owned limited liability company established in 1995 under the direct supervision of the Beijing Municipal Government, the PRC. Its principal business activities comprise real estate, infrastructure, manufacturing, financial services, hotel and trading. On 3 October 2003, the Company has entered into a memorandum of understanding with The Capital Group in relation to future business cooperation.

INTENTION TO INVEST IN THE COMPANY AND BOARD REPRESENTATION

The Directors confirm that both Beijing Finance and Cantus Limited currently have no intention to increase their shareholding in the Company save as the Placement mentioned above.

The Directors also confirm that Beijing Finance currently does not have any intention to nominate any representative to the board of directors of the Company. The Company proposed to appoint two non-executive directors who representing Cantus Limited with effect from 16 October 2003.

EFFECT OF THE PLACEMENT AND TRANSFER

The shareholding interests of the Controlling Shareholder, Cantus Limited, Beijing Finance and Mr. Jiang Qing before and after the Placement and Transfer are set out as follows:

Shareholders	Shareholding structure as at 3 October 2003		Immediately after the Placement and Transfer	
	(Number of shares held)	(%)	(Number of shares held)	(%)
Mr. Jiang Xiong	1,281,600,000	64.08	981,600,000	49.08
Cantus Limited	160,000,000	8.00	260,000,000	13.00
Beijing Finance	–	–	100,000,000	5.00
Mr. Jiang Qing	–	–	100,000,000	5.00
Public	558,400,000	27.92	558,400,000	27.92
	<u>2,000,000,000</u>	<u>100.00</u>	<u>2,000,000,000</u>	<u>100.00</u>

REASONS FOR THE PLACEMENT AND THE TRANSFER

The Controlling Shareholder effected the Placement in order to strengthen the shareholder base of the Company. The Placement will have no material adverse impact on the Company.

The Transfer was effected in order to provide incentives to Mr. Jiang Qing to manage the Company.

By order of the Board
Wanyou Fire Safety Technology Holdings Limited
Jiang Xiong
Chairman

Hong Kong, 3 October 2003

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (a) the information contained in this announcement is accurate and complete in all material respects and not misleading; (b) there are no other matters the omission of which would make any statement in this announcement misleading; and (c) all opinions expressed in this document have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

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