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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: 8201)

ANNOUNCEMENT

ENTERING INTO A NON-LEGALLY BINDING LETTER OF INTENT

The Directors are pleased to announce that on 6 April 2004, the Company entered into a non-legally binding letter of intent with certain Independent Third Parties in relation to the acquisition of 51% of the equity interest of Shengan City Safety, a company engaged in the establishment of online monitoring system of fire prevention and fighting systems, system integration, and enhancement and repair and maintenance of fire prevention and fighting systems. Pursuant to the Letter of Intent, the consideration of the acquisition is tentatively fixed at around RMB20,000,000, which may be adjusted in accordance with the results of due diligence to be conducted by the Company. The consideration will be settled in cash by the Company.

This announcement is made 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**”). The directors (the “**Directors**”) of China Fire Safety Enterprise Group Holdings Limited (the “**Company**”) are pleased to announce that on 6 April 2004, the Company entered into a non-legally binding letter of intent (the “**Letter of Intent**”) with certain independent third parties who are not connected persons of the Company as defined in the GEM Listing Rules (the “**Independent Third Parties**”), to acquire 51% equity interest of Jiangxi Shengan City Safety Communications Development Company Limited* (江西盛安城市安全信息發展有限公司) (“**Shengan City Safety**”) through a subsidiary of the Company.

Shengan City Safety is a limited company established in the People’s Republic of China (the “**PRC**”) and principally engaged in the establishment of online monitoring system of fire prevention and fighting systems, system integration, and enhancement and repair and maintenance of fire prevention and fighting systems. Shengan City Safety has established and is operating the only remote automatic monitoring center of fire prevention and fighting system (消防遠程自動網絡監控中心) in the Jiangxi province. Shengan City Safety is granted the sole right to establish and operate remote monitoring center of fire prevention and fighting system in the Jiangxi province in 2004. It has obtained 7 national patents for its network products in the PRC.

Pursuant to the Letter of Intent, the consideration for the acquisition is tentatively fixed at around RMB20,000,000, which may be adjusted in accordance with the results of due diligence to be conducted by the Company. The consideration will be settled in cash from internal resources by the Company. Other than the Letter of Intent, no formal legal-binding

agreement has been engaged by the Company in relation to the acquisition and the Company will make further announcement as and when appropriate.

As disclosed in the prospectus of the Company dated 23 September 2002, the Company's business objectives include the development of an online monitoring system of fire prevention and fighting systems through broadband internet multi-media information technology to monitor and inspect different automated fire alarm systems situated in different buildings and linked with the "119" fire emergency centre via audio and visual information on site. The Directors consider that the application of online monitoring system of fire prevention and fighting systems is a trend for development of the fire safety industry and it improves the repair and maintenance standards of fire prevention and fighting systems. The Directors consider that it is more effective and efficient to cooperate with a company with relevant operating experience than self-development. Moreover, the Directors expect that a synergy effect can be achieved by combining the marketing strength of the Company and its subsidiaries (the "**Group**") and technical capabilities of Shengan City Safety. Through the cooperation with Shengan City Safety, the Group can establish its first presence in the fire prevention and fighting system maintenance market in Jiangxi province. At the same time, the successful online monitoring system model in Jiangxi province can be applied nationwide, providing the Group a strong foothold to expand to the national fire prevention and fighting system maintenance market.

The Directors wish to emphasize that no formal agreement in relation to the acquisition has been entered into as at the date of this announcement. As the Group may or may not proceed to sign a formal agreement, public investors and shareholders of the Company are urged to exercise caution when dealing in the shares of the Company.

By order of the Board
China Fire Safety Enterprise Group Holdings Limited
Jiang Xiong
Chairman

The directors of the Company comprise the following:

Mr. Jiang Xiong (*Executive Director*)
Mr. Jiang Qing (*Executive Director*)
Mr. Chen Shu Quan (*Executive Director*)
Mr. Chan Siu Tat (*Executive Director*)
Mr. Richard Owen Pyvis (*Non-executive Director*)
Ms. Josephine Price (*Non-executive Director*)
Mr. Liu Shi Pu (*Independent non-executive Director*)

Hong Kong, 6 April 2004

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: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

This announcement will remain on the GEM website at <http://www.hkgem.com> on the “Latest Company Announcements” page for at least 7 days from the date of its posting.

* For identification only