



Shanghai Qingpu Fire-Fighting Equipment Co., Ltd.*
上海青浦消防器材股份有限公司

(a joint stock limited company incorporated in the People's Republic of China)



First Quarterly Report 2005



CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this report, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, for which the directors of Shanghai Qingpu Fire-Fighting Equipment Co., Ltd. collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to Shanghai Qingpu Fire-Fighting Equipment Co., Ltd. The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this report 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 report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.



HIGHLIGHTS

- Turnover increased by approximately 5% for the three months ended 31 March 2005 as compared with the corresponding period in 2004.
- Net profit increased by approximately 64% for the three months ended 31 March 2005 as compared with the corresponding period in 2004.
- Earnings per share for the three months ended 31 March 2005 was RMB0.005.



Quarterly Results (Unaudited)

The Board of Directors (the “Board”) of Shanghai Qingpu Fire-Fighting Equipment Co., Ltd. (the “Company”) is pleased to announce the unaudited results of the Company for the three months ended 31 March 2005 together with the unaudited comparative figures for the corresponding period in 2004, as follows:

		Unaudited three months ended 31 March	
	<i>Notes</i>	2005 RMB'000	2004 RMB'000
Turnover	3	12,968	12,377
Cost of sales		(9,920)	(10,284)
Gross profit		3,048	2,093
Other revenues	3	3	3
Subsidy income	4	52	52
Distribution costs		(540)	(219)
Administrative expenses		(1,027)	(971)
Operating profit		1,536	958
Finance costs	5	(139)	(140)
Profit before taxation		1,397	818
Taxation	6	(461)	(248)
Profit attributable to shareholders		936	570
Earnings per share (RMB)	7	0.005	0.004

Notes:

1. BASIS OF PRESENTATION

The Company was incorporated as a joint stock company with limited liability in the People's Republic of China (the "PRC") on 1 December 2000 and its H shares were listed on the GEM on 30 June 2004, detail of which are set out in the prospectus of the Company dated 18 June 2004 (the "Prospectus").

2. PRINCIPAL ACCOUNTING POLICIES

The accompanying unaudited results are prepared in accordance with the International Financial Reporting Standards as published by the International Accounting Standards Board. The accounting policies adopted are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2004.

3. TURNOVER

The Company's turnover is derived principally from the sales of fire fighting equipment products and provision of the related processing services.

An analysis of the Company's turnover is as follows:

	Unaudited three months ended 31 March	
	2005	2004
	RMB'000	<i>RMB'000</i>
Turnover:		
Sale of goods	12,968	11,798
Provision of processing services	—	579
	<hr/>	<hr/>
Total turnover	12,968	12,377
Interest income	3	3
	<hr/>	<hr/>
Total revenues	12,971	12,380
	<hr/>	<hr/>

4. SUBSIDY INCOME

	Unaudited three months ended 31 March	
	2005	2004
	RMB'000	<i>RMB'000</i>
Amortisation of government grant received relating to purchase of plant and equipment	52	52
	<hr/>	<hr/>

5. FINANCE COSTS

	Unaudited three months ended 31 March	
	2005	2004
	RMB'000	<i>RMB'000</i>
Interest expenses on bank loans repayable within 5 years	137	130
Exchange losses/(gains)	1	9
Others	1	1
	139	140

6. TAXATION

The reconciliation of the tax expense of the Company is as follows:

The Company is subject to the enterprise income tax rate of 33% on the assessable profit for the Relevant Periods in accordance with the income tax law of the PRC.

The tax on the Company's profit before taxation differs from the theoretical amount that would arise using the tax rate of the home country of the Company as follows:

	Unaudited three months ended 31 March	
	2005	2004
	RMB'000	<i>RMB'000</i>
Profit before taxation	1,397	818
Tax at the applicable tax rate of 33%	461	270
Income that are not subject to tax and expenses that are not deductible for tax purposes:		
- Amortization of government grant relating to purchase of plant and equipment	(17)	(17)
- Others	17	(5)
Tax charge	461	248

7. EARNINGS PER SHARE

The calculation of the basic earnings per share for the three months ended 31 March 2005 was based on the net profit of approximately RMB936,000 (2004: RMB570,000) divided by the weighted average number of shares issued during the period of 187,430,000 shares (2004: 131,870,000 shares).

The Company had no dilutive potential shares for the three months ended 31 March 2005 (2004: Nil).

Interim Dividends

The Board does not recommend the payment of an interim dividend for the three months ended 31 March 2005 (2004: Nil).

Unaudited Movement of Reserves

There was no movement of reserves for the relevant periods in 2005 and 2004 except those disclosed as below:

	Share capital RMB'000	Share premium/ (share issuance costs) RMB'000	Capital reserve RMB'000	Discretionary common reserve fund RMB'000	Statutory common welfare fund RMB'000	Statutory common reserve fund RMB'000	Retained earnings RMB'000	Total RMB'000
Three months ended 31 March 2005								
Balance at 1 January 2005	18,743	10,910	(2,563)	1,500	1,867	1,867	15,441	47,765
Net profit for the period	936	-	-	-	-	-	-	936
Appropriation	-	-	-	-	-	-	-	-
Balance at 31 March 2005	19,679	10,910	(2,563)	1,500	1,867	1,867	15,441	48,701

	Share capital RMB'000	Share premium/ (share issuance costs) RMB'000	Capital reserve RMB'000	Discretionary common reserve fund RMB'000	Statutory common welfare fund RMB'000	Statutory common reserve fund RMB'000	Retained earnings RMB'000	Total RMB'000
Three months ended 31 March 2004								
Balance at 1 January 2004	13,187	(4,959)	(2,770)	-	1,341	1,341	11,968	20,108
Share issuance expenses	-	-	-	-	-	-	-	-
Net profit for the period	-	-	-	-	-	-	570	570
Appropriation	-	-	-	-	-	-	-	-
Balance at 31 March 2004	13,187	(4,959)	(2,770)	-	1,341	1,341	12,538	20,678

Business Review

For the three months ended 31 March 2005, the Company has accomplished a revenue of approximately RMB12,968,000 and a net profit of approximately RMB936,000. This represented a growth of 5% and 64% in turnover and net profit respectively as compared to the same period in the previous year. The sale of fire-fighting equipments has a strong growth for the period under review, comparing to the same period last year. Since the listing of the Company's H shares on the GEM on 30 June 2004, the Company has focused on strengthening its sales and marketing strategies and marketing network.



With the certificates recognized by Europe and the United States, the Company has been trusted by customers outside China and this is becoming a major contribution to the Company's sales. The Company is stabilizing the sale in the eastern part of China while speeding up the process of expanding the marketing network to other parts of China, especially to the Hong Kong SAR. The Board of the Company believes that it will be a prosperous year of 2005 and become the foundation of rapid growth in the coming years.

Directors' and Supervisors' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 31 March 2005, the interests and short positions of the Directors and Supervisors of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the minimum standards of dealing by directors as referred to in Rule 5.46 of the Rules Governing the Listing of Securities on the GEM (the "GEM Listing Rules"), were as follows:

Long positions in shares of the Company

Name	Type of interests	Capacity	Number of shares (Note 2)	Approximate percentage of domestic shares	Approximate percentage of total registered share capital
Mr. Jiang Zi Qiang	Corporate (Note 1)	Beneficial owner	63,300,000	48.00%	33.77%
Mr. Jiang Zhou	Personal	Beneficial owner	13,190,000	10.00%	7.04%
Mr. Wang Zhi Yu	Personal	Beneficial owner	14,070,000	10.67%	7.51%
Mr. Wang Liang Fa	Personal	Beneficial owner	11,870,000	9.00%	6.33%

Note:

- Mr. Jiang Zi Qiang was deemed to be interested in 63,300,000 shares through his controlling interest in Shanghai Huasheng Enterprises (Group) Company Limited.
- All represented domestic shares.

Save as disclosed above, as at 31 March 2005, none of the Directors and Supervisors of the Company has any interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the minimum standards of dealing by directors as referred to in Rule 5.46 of the GEM Listing Rules.

Substantial Shareholders' and Other Persons' Interests and Short Positions Shares, Underlying Shares and Debentures

As at 31 March 2005, the following persons (other than the Directors and Supervisors of the Company) had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

Name of shareholder	Capacity	Number of shares	Approximate percentage of domestic shares	Approximate percentage of H shares	Approximate percentage of total registered share capital
Shanghai Huasheng Enterprises (Group) Company Limited	Beneficial owner	63,300,000	48.00	-	33.77
Mr. Jiang Zi Qiang (<i>Note 1</i>)	Interest of a controlled corporation	63,300,000	48.00	-	33.77

Notes:

- Mr. Jiang Zi Qiang owns 89% of Shanghai Huasheng Enterprises (Group) Company Limited. Accordingly, Jiang Zi Qiang is deemed by Part XV of the SFO to be interested in the 63,300,000 shares held by Shanghai Huasheng Enterprises (Group) Company Limited.

Save as disclosed above, as at 31 March 2005, the Directors were not aware of any other person (other than the Directors and chief executives of the Company) who had interests and short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

Interest in Competitors

None of the Directors or the management shareholders of the Company and their respective associates (as defined under the GEM Listing Rules) had any interest in a business which competes or may compete with the business of the Company.

Sponsor's Interests

As updated and notified by the Company's sponsor, Shenyin Wanguo Capital (H.K.) Limited ("SW Capital"), neither SW Capital nor its directors, employees or associates had any interest in the share capital of the Company as at 31 March 2005 pursuant to Rules 6.35 and 18.63 of the GEM Listing Rules. Pursuant to the agreement dated 17 June 2004 entered into between the Company and SW Capital, SW Capital has received and will receive a fee for acting as the Company's retained sponsor for the period from 31 March 2005 to 31 December 2006 or until the sponsor agreement is terminated upon the terms and conditions set out therein.



Audit Committee

Pursuant to Rule 5.28 of the GEM Listing Rules, the Company has set up an audit committee on 10 June 2004 according to "A Guide For The Formation of An Audit Committee" compiled by the Hong Kong Society of Accountants. In compliance with Rules 5.29 and 5.33 of the GEM Listing Rules, the authority and responsibility of the audit committee has been properly written out. The primary duties of the audit committee are to review and monitor the Company's financial reporting process and internal control system. The audit committee members are Mr. Li Long Ling, Mr. Chen Wen Gui and Mr. Yang Chun Bao, who are independent non-executive directors of the Company.

Up to the date of this report, one meeting has been conducted by the audit committee in this year. The meeting was held on 21 June 2005 for discussion of the operating results, statements of affairs and accounting policies with respect to the unaudited first quarterly report of the Company for the three months ended 31 March 2005 and listened to the advice provided by auditors. The audit committee has reviewed the first quarterly report of 2005.

Board Practices and Procedures

The Company has complied with Rules 5.34 to 5.45 to the GEM Listing Rules concerning board practices and procedures throughout the three months ended 31 March 2005.

Purchase, Sale or Redemption of Securities

During the period ended 31 March 2005, the Company has not purchased, sold or redeemed any of the Company's listed shares.

By Order of the Board
Shanghai Qingpu Fire-Fighting Equipment Co., Ltd.
Jiang Zi Qiang
Chairman

Shanghai, the PRC, 21 June 2005

As at the date hereof, the Board comprises:

Jiang Zi Qiang (*Executive Director*)
Wang Liang Fa (*Executive Director*)
Sun Hua Jie (*Executive Director*)
Wang Zhi Yu (*Non-executive Director*)
Jiang Zhou (*Non-executive Director*)
Wu Tian Xin (*Non-executive Director*)
Zhao Shu Guang (*Non-executive Director*)
Chen Zhen Qiang (*Non-executive Director*)
Zhou Wen Jie (*Non-executive Director*)
Li Long Ling (*Independent non-executive Director*)
Chen Wen Gui (*Independent non-executive Director*)
Yang Chun Bao (*Independent non-executive Director*)
Wang Guo Zhong (*Independent non-executive Director*)