



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)

Stock Code : 8115



First Quarterly Report
2006

*For identification purpose

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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 decreased by approximately 38% for the three months ended 31 March 2006 as compared with the corresponding period in 2005.
- Net loss of approximately RMB1,110,000 for the three months ended 31 March 2006 as compared with net profit of approximately RMB936,000 for the corresponding period in 2005.
- Loss per share for the three months ended 31 March 2006 was RMB0.006.



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 2006 together with the unaudited comparative figures for the corresponding period in 2005, as follows:

		Unaudited three months ended 31 March	
	<i>Notes</i>	2006 RMB'000	2005 RMB'000
Turnover	3	8,052	12,968
Cost of sales		(7,491)	(9,920)
Gross profit		561	3,048
Other revenues	3	1	3
Subsidy income	4	52	52
Distribution costs		(557)	(540)
Administrative expenses		(954)	(1,027)
Operating (loss)/profit		(897)	1,536
Finance costs	5	(213)	(139)
(Loss)/profit before taxation		(1,110)	1,397
Taxation	6	-	(461)
(Loss)/profit attributable to shareholders		(1,110)	936
(Loss)/earnings per share (RMB)	7	(0.006)	0.005

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 ("IFRSs") as published by the International Accounting Standard Board ("IASB").

In the current period, the Company has adopted, for the first time, the following IFRSs published by the IASB which are effective for the accounting year commencing on or after 1 January 2006:

IAS 1 Amendment	Capital Disclosures
IAS 19 Amendment	Actuarial Gains and Losses, Group Plans and Disclosures
IAS 21 Amendment	Net Investment in a Foreign Operation
IAS 39 Amendment	Cash Flow Hedge Accounting of Forecast Intragroup Transactions
IAS 39 Amendment	The Fair Value Option
IAS 39 and IFRS 4 Amendment	Financial Guarantee Contracts
IFRS 1 Amendment and IFRS 6 Amendment	First-time Adoption of IFRS, and Exploration for and Evaluation of Mineral Resources
IFRS 6	Exploration for and Evaluation of Mineral Resources
IFRIC 4	Determining whether an Arrangement contains a Lease
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IFRIC 6	Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment

The adoption of these IFRSs had not had any significant impact on the results for the current or prior accounting periods and, accordingly, no prior period adjustment has been required.

The unaudited first quarterly results for the three months ended 31 March 2006 has been reviewed by the audit committee of the Company.

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 2005.



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	
	2006 <i>RMB'000</i>	2005 <i>RMB'000</i>
Turnover:		
Sale of goods	8,052	12,968
Interest income	1	3
Total revenues	8,053	12,971

4. SUBSIDY INCOME

	Unaudited three months ended 31 March	
	2006 <i>RMB'000</i>	2005 <i>RMB'000</i>
Amortisation of government grant received relating to purchase of plant and equipment	52	52

5. FINANCE COSTS

	Unaudited three months ended 31 March	
	2006 <i>RMB'000</i>	2005 <i>RMB'000</i>
Interest expenses on bank loans repayable within 5 years	143	137
Exchange losses	68	1
Others	2	1
Total	213	139

6. TAXATION

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

Pursuant to the relevant PRC tax regulations, High and New Technology Enterprises ("HNTE") operating within a designated High and New Technology Development Zone ("HNSTDZ") are entitled to a reduced Enterprise Income Tax ("EIT") rate of 15%. The certification as a HNTE is subject to an annual review by the relevant government bodies.

The Company is subject to the Income Tax Law of the PRC and the normal EIT rate applicable is 33%. As the Company is recognised as a HNTE and is operating and registered in the designated HNSTDZ, it is entitled to a reduced EIT rate of 15%. Accordingly, the Company is subject to EIT at a rate of 15%.

A reconciliation of the tax charge to (loss)/profit before taxation using the tax rate of the home country of the Company is as follows:

	Unaudited three months ended 31 March	
	2006 RMB'000	2005 RMB'000
(Loss)/profit before taxation	(1,110)	1,397
Tax at the applicable tax rate of 15% (2005: 33%)	(166)	461
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	(8)	(17)
– Tax effect of unused tax losses not recognised	174	–
– Others	–	17
Tax charge	–	461

The tax effect of temporary differences for deferred tax assets was not recognised in the financial statements due to the uncertainty of future profit streams against which the assets can be utilized. These tax losses will expire in the next five years. (2005: Nil)

7. (LOSS)/EARNINGS PER SHARE

The calculation of the basic (loss)/earnings per share for the three months ended 31 March 2006 was based on the net (loss) of approximately RMB(1,110,000) (2005: profit of RMB936,000) divided by the weighted average number of shares issued during the period of 187,430,000 shares (2005: 187,430,000 shares).

The Company had no dilutive potential shares for the three months ended 31 March 2006 (2005: Nil).



Interim Dividends

The Board does not recommend the payment of an interim dividend for the three months ended 31 March 2006 (2005: Nil).

Unaudited Movement of Reserves

There was no movement of reserves for the relevant periods in 2006 and 2005 except those disclosed as below:

	Share capital <i>RMB'000</i>	Share premium/ (share issuance costs) <i>RMB'000</i>	Capital reserve <i>RMB'000</i>	Discretionary common reserve fund <i>RMB'000</i>	Statutory common welfare fund <i>RMB'000</i>	Statutory common reserve fund <i>RMB'000</i>	Retained earnings <i>RMB'000</i>	Total <i>RMB'000</i>
Three months ended 31 March 2006								
Balance at 1 January 2006	18,743	10,910	(2,356)	1,500	1,867	1,867	5,322	37,853
Net loss for the period	-	-	-	-	-	-	(1,110)	(1,110)
Appropriation	-	-	-	-	-	-	-	-
Balance at 31 March 2006	18,743	10,910	(2,356)	1,500	1,867	1,867	4,212	36,743

	Share capital <i>RMB'000</i>	Share premium/ (share issuance costs) <i>RMB'000</i>	Capital reserve <i>RMB'000</i>	Discretionary common reserve fund <i>RMB'000</i>	Statutory common welfare fund <i>RMB'000</i>	Statutory common reserve fund <i>RMB'000</i>	Retained earnings <i>RMB'000</i>	Total <i>RMB'000</i>
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	18,743	10,910	(2,563)	1,500	1,867	1,867	16,377	48,701

Business Review

During the three month ended 31 March 2006, the Company has recorded a turnover of approximately RMB8,052,000, representing a 38% decrease compared with the corresponding period of last year. A loss of RMB1,110,000 was recorded in the current period while a profit of RMB936,000 was noted last year. During the period under review, increase in raw materials prices and fluctuation in exchange rates had reduced the profit margin of some orders. The management of the Company had eventually give up those orders, thus decreased sales of fire fighting equipment when compared with the corresponding period last year. Since its H Shares listed on the GEM on 30 June 2004, the Company has been focusing on strengthening its sales and marketing strategy and marketing network. As the Company has obtained various certificates recognized by America and many European countries, foreign customers has great confidence towards us, so, notwithstanding the temporary increase in the raw materials prices and the effect from the change of exchange rate, oversea sales is still the main source of the sales of the Company. In China, the Company has strengthened its sales in the Eastern China region, and kept expanding its marketing network to other regions at the same time. The Board of the Company believes, the year 2006 would laid a solid base for the future growth in the next few years.

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

As at 31 March 2006, 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:

1. 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.
2. All represented domestic shares.



Save as disclosed above, as at 31 March 2006, 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 2006, 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

Note:

1. 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 2006, 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 2006 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.

The audit committee has reviewed with management the accounting principles and practices adopted by the Company. The audit committee also discussed financial reporting matters including a review of the unaudited results for the three months ended 31 March 2006 with the Directors.

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 2006.

Purchase, Sale or Redemption of Securities

During the period ended 31 March 2006, 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, 12 May 2006



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*)