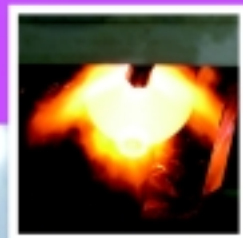




Shanghai Qingpu Fire-Fighting Equipment Co., Ltd.\*  
上海青浦消防器材股份有限公司

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

Stock Code : 8115



Interim 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

- Achieved a turnover of approximately RMB20,082,000 for the six months ended 30th June, 2006, representing an approximately 43% decrease as compared with that of the corresponding period in 2005
- Net loss of approximately RMB1,217,000 for the six months ended 30th June, 2006
- The Directors do not recommend the payment of an interim dividend for the six months ended 30th June, 2006



## Interim Results (Unaudited)

The Board of Directors ("Board") of Shanghai Qingpu Fire-Fighting Equipment Co., Ltd. (the "Company") is pleased to announce the unaudited results of the Company for the six months ended 30th June, 2006. For the six months ended 30th June, 2006, the unaudited turnover is approximately RMB20,082,000, representing a decrease of approximately RMB14,854,000, or approximately 43% as compared with that of the same period in 2005. The unaudited net loss of the Company for the six months ended 30th June, 2006 is approximately RMB1,217,000, representing a decrease of approximately 296% as compared with the corresponding period in 2005.

The unaudited condensed financial statements of the Company as of and for the three months and six months ended 30th June, 2006 together with the unaudited comparative figures for the corresponding period in 2005 ("the Relevant Periods") are as follows:

### Unaudited Condensed Income Statement

	Note	Three months ended 30th June,		Six months ended 30th June,	
		2006 RMB'000	2005 RMB'000	2006 RMB'000	2005 RMB'000
Turnover	3	12,029	21,968	20,082	34,936
Cost of sales		(10,177)	(18,886)	(17,668)	(28,808)
Gross profit		1,852	3,082	2,414	6,128
Other revenue	3	1	1	2	4
Subsidy income	5	52	52	104	104
Distribution costs		(789)	(1,158)	(1,348)	(1,698)
Administrative expenses		(1,052)	(2,285)	(2,006)	(3,312)
Operating profit/(loss)	6	64	(308)	(834)	1,226
Finance costs	7	(170)	(195)	(383)	(334)
(Loss)/profit before taxation		(106)	(503)	(1,217)	892
Taxation	8	-	211	-	(250)
(Loss)/profit attributable to shareholders		(106)	(292)	(1,217)	642
(Loss)/earnings per share (RMB)	10	(0.001)	(0.002)	(0.006)	0.003

## Condensed Balance Sheet

	<i>Note</i>	<b>Unaudited As at 30th June, 2006 RMB'000</b>	<b>Audited As at 31st December, 2005 RMB'000</b>
<b>Non-current assets</b>			
Lease premium for land	11	807	816
Property, plant and equipment		21,964	22,593
		<b>22,771</b>	<b>23,409</b>
<b>Current assets</b>			
Inventories		7,321	5,724
Trade receivables	12	24,847	27,031
Other receivables, deposits and prepayments		5,598	7,470
Amount due from related companies		3,290	3,090
Tax receivable		–	515
Cash and bank deposits		403	790
		<b>41,459</b>	<b>44,620</b>
<b>Current liabilities</b>			
Trade payables	13	14,417	15,728
Other payables and accruals		2,692	3,361
Amount due to related companies		1,017	1,159
Amount due to a shareholder		399	755
Short-term bank loans		8,550	8,550
		<b>27,075</b>	<b>29,553</b>
<b>Net current assets</b>		<b>14,384</b>	<b>15,067</b>
<b>Total assets less current liabilities</b>		<b>37,155</b>	<b>38,476</b>
<b>Non-current liabilities</b>			
Deferred revenue		519	623
<b>Net assets</b>		<b>36,636</b>	<b>37,853</b>
<b>Financed by:</b>			
Share capital	14	18,743	18,743
Reserves	14	17,893	19,110
<b>Shareholders' funds</b>		<b>36,636</b>	<b>37,853</b>



## Unaudited Condensed Statement of Changes in Equity

	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Statutory common reserve fund RMB'000	Discretionary common reserve fund RMB'000	Statutory common welfare fund RMB'000	Retained earnings RMB'000	Total RMB'000
Six months ended 30th June, 2006								
Balance at 1st January, 2006	18,743	10,910	(2,356)	1,867	1,500	1,867	5,322	37,853
Net loss for the period	-	-	-	-	-	-	(1,217)	(1,217)
Appropriation	-	-	104	-	-	-	(104)	-
<b>Balance at 30th June, 2006</b>	<b>18,743</b>	<b>10,910</b>	<b>(2,252)</b>	<b>1,867</b>	<b>1,500</b>	<b>1,867</b>	<b>4,001</b>	<b>36,636</b>

	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Statutory common reserve fund RMB'000	Discretionary common reserve fund RMB'000	Statutory common welfare fund RMB'000	Retained earnings RMB'000	Total RMB'000
Six months ended 30th June, 2005								
Balance at 1st January, 2005	18,743	10,910	(2,563)	1,867	1,500	1,867	15,441	47,765
Net profit for the period	-	-	-	-	-	-	642	642
Appropriation	-	-	104	-	-	-	(104)	-
<b>Balance at 30th June, 2005</b>	<b>18,743</b>	<b>10,910</b>	<b>(2,459)</b>	<b>1,867</b>	<b>1,500</b>	<b>1,867</b>	<b>15,979</b>	<b>48,407</b>

## Unaudited Condensed Cash Flow Statement

	Six months ended 30th June,	
	2006 <i>RMB'000</i>	2005 <i>RMB'000</i>
Net cash generated from/(used in) operating activities	<b>385</b>	(1,787)
Net cash (used in)/generated from investing activities	<b>(274)</b>	11,968
Net cash used in financing activities	<b>(498)</b>	(266)
Net (decrease)/increase in cash and cash equivalents	<b>(387)</b>	9,915
Cash and cash equivalents, at beginning of period	<b>790</b>	7,074
Cash and cash equivalents, at end of period	<b>403</b>	16,989



Notes:

## 1. GENERAL

The Company was incorporated as a joint stock company with limited liability in the People's Republic of China ("PRC") on 1st December, 2000 and its H shares were listed on the GEM on 30th June, 2004. The Company is principally engaged in manufacturing and sale of fire-fighting equipment and pressure cylinders.

## 2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed financial statements of the Company have been prepared in accordance with International Accounting Standard ("IAS") No. 34 "Interim Financial Reporting" and International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and the Rules Governing the Listing of Securities on GEM. The financial information has been prepared under the historical cost convention.

In the current period, the Company has adopted, for the first time, the following IFRSs and Interpretations issued by the IASB and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB, which are effective for the accounting year commencing on or after 1st January, 2006:

IAS 1 (Amendment)	Presentation of Financial Statements – Capital Disclosures
IAS 19 (Amendment)	Employee Benefit
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 International Financial Reporting Standards 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 Special Market – Waste Electrical and Electronic Equipment

The adoption of these IFRSs and Interpretations have 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 condensed financial statements for the three months and six months ended 30th June, 2006 are unaudited, but have been reviewed by the audit committee of the Company.

The accounting policies adopted are consistent with those described in the 2005 annual financial statements.



### 3. TURNOVER AND REVENUES

The Company is principally engaged in the manufacture and sale of fire fighting equipment products and provision of the related processing services. Revenues recognized during the Relevant Periods are as follows:

	Unaudited Three months ended 30th June,		Unaudited Six months ended 30th June,	
	2006 RMB'000	2005 RMB'000	2006 RMB'000	2005 RMB'000
Turnover				
Sale of goods	12,030	21,968	20,082	34,936
Provision of processing services	–	–	–	–
Total turnover	12,030	21,968	20,082	34,936
Interest income	1	1	2	4
Total revenues	12,031	21,969	20,084	34,940

### 4. SEGMENT INFORMATION

The Company has only one business segment, which is the manufacture and sale of fire fighting equipment products and provision of the related processing services.

All of the Company's assets are located in the PRC. An analysis of the Company's turnover by geographical segment, as determined by the location of its customers, is as follows:

	Unaudited Three months ended 30th June,		Unaudited Six months ended 30th June,	
	2006 RMB'000	2005 RMB'000	2006 RMB'000	2005 RMB'000
PRC other than Hong Kong	10,224	10,327	17,413	14,596
Hong Kong	674	8,553	1,553	15,098
Europe	879	3,088	863	4,891
Others	253	–	253	351
Total	12,030	21,968	20,082	34,936



## 5. SUBSIDY INCOME

	Unaudited Three months ended 30th June,		Unaudited Six months ended 30th June,	
	2006 RMB'000	2005 RMB'000	2006 RMB'000	2005 RMB'000
Amortization of government grant received relating to purchase of plant and equipment	52	52	104	104

## 6. OPERATING PROFIT

	Unaudited Three months ended 30th June,		Unaudited Six months ended 30th June,	
	2006 RMB'000	2005 RMB'000	2006 RMB'000	2005 RMB'000
Amortization of lease premium for land	4	4	9	9
Depreciation on property, plant and equipment	352	261	703	515
Loss on disposal of property, plant and equipment	-	-	-	52
Repair and maintenance expenditures	-	24	-	24
Research and development expenditures	-	-	-	-
Amortization of government grant	(52)	(52)	(104)	(104)
Operating lease rentals for land and buildings	62	62	123	123
Provision for doubtful debts	-	-	-	-
Staff costs	642	1,979	2,960	3,376
Auditors' remuneration	283	53	283	53

## 7. FINANCE COSTS

	Unaudited Three months ended 30th June,		Unaudited Six months ended 30th June,	
	2006 RMB'000	2005 RMB'000	2006 RMB'000	2005 RMB'000
Interest on bank borrowings wholly repayable within 5 years	169	129	312	266
Exchange loss	-	65	68	66
Others	1	1	3	2
	170	195	383	334

## 8. TAXATION

The Company is subject to the enterprise income tax rate of 15% on the assessable profit for the Relevant Periods in accordance with the income tax law of the PRC.

Details of taxation charged for the Relevant Periods are as follows:

	Unaudited Three months ended 30th June,		Unaudited Six months ended 30th June,	
	2006 RMB'000	2005 RMB'000	2006 RMB'000	2005 RMB'000
Current taxation	-	(211)	-	250
Deferred tax credit	-	-	-	-
Tax (credit)/charge	-	(211)	-	250

Movements of deferred tax assets for the Relevant Periods are as follows:

	Unaudited Three months ended 30th June,		Unaudited Six months ended 30th June,	
	2006 RMB'000	2005 RMB'000	2006 RMB'000	2005 RMB'000
Deferred tax assets, beginning of the period	-	777	-	777
Deferred tax credited to income statement	-	-	-	-
Deferred tax assets, end of the period	-	777	-	777

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 30th June,		Unaudited Six months ended 30th June,	
	2006 RMB'000	2005 RMB'000	2006 RMB'000	2005 RMB'000
(Loss)/profit before tax	(106)	(503)	(1,217)	892
Tax at the applicable tax rate of 15% (2005: 33%)	(16)	(167)	(182)	294
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)	-	(34)
– Others	-	(27)	-	(10)
Tax losses not yet recognized	16	-	182	-
Tax (credit)/charge	-	(211)	-	250



## 9. DIVIDEND

No dividend have been paid or declared by the Company during the period ended 30th June, 2006.

## 10. EARNINGS (LOSS) PER SHARE

The calculation of the loss per share for the six months ended 30th June, 2006 is based on the loss attributable to shareholders of RMB1,217,000 (profit attributable to shareholders for the six months ended 30th June, 2005: RMB642,000), and the weighted average number of approximately 187,430,000 ordinary shares (30th June, 2005: 187,430,000) in issue during the period.

Diluted earnings per share have not been calculated, as there were no dilutive potential ordinary shares during the Relevant Periods.

## 11. LEASE PREMIUM FOR LAND

Leasehold land premiums are up-front payments to acquire long-term interests in lessee-occupied properties. The premiums are stated at cost and are amortized over the period of the lease on a straight-line basis to the income statement.

	Unaudited 30th June, 2006 RMB'000	Audited 31st December, 2005 RMB'000
Net book value as at 30th June and 31st December	807	816
Current portion that must be amortized within one year	(18)	(18)
Non-current portion	789	798

## 12. TRADE RECEIVABLES

Details of the ageing analysis are as follows:

	Unaudited 30th June, 2006 RMB'000	Audited 31st December, 2005 RMB'000
0 – 30 days	2,652	4,690
31 – 60 days	2,276	10,011
61 – 90 days	802	1,759
91 days to one year	14,738	17,968
One year to two years	5,789	3,311
Over two years	996	–
Provision for doubtful debts	27,253 (2,406)	37,739 (10,708)
	24,847	27,031

Credit terms of approximately 60 to 90 days would generally be granted to PRC customers. For overseas customers, the Company would normally grant a credit term of 90 to 120 days.

### 13. TRADE PAYABLES

Details of the ageing analysis are as follows:

	Unaudited 30th June, 2006 RMB'000	Audited 31st December, 2005 RMB'000
0 – 30 days	4,436	6,228
31 – 60 days	1,768	3,816
61 – 90 days	2,012	1,438
91 days to one year	5,312	1,979
Over one year	889	2,267
	<b>14,417</b>	<b>15,728</b>

### 14. SHARE CAPITAL

(i) *Share capital*

	Issued and fully paid Ordinary share of RMB0.1 each RMB
	No. of shares
As at 30th June, 2006 and 31st December, 2005	187,430,000
	18,743,000

(ii) *Capital reserve*

	Unaudited		
	Government grant received capitalized as share capital in the PRC GAAP financial statements RMB'000 Note (a)	Reversal of revaluation surplus of property, plant and equipment RMB'000 Note (b)	Total RMB'000
Six months ended 30th June, 2006			
Balance at 1st January, 2006	(623)	(1,733)	(2,356)
Appropriation	104	–	104
Balance at 30th June, 2006	(519)	(1,733)	(2,252)
Six months ended 30th June, 2005			
Balance at 1st January, 2005	(830)	(1,733)	(2,563)
Appropriation	104	–	104
Balance at 30th June, 2005	(726)	(1,733)	(2,459)



As mentioned in (f) above, all of the Company's paid-in capital and reserves in 2000 were capitalized as the Company's issued share capital upon conversion into a joint stock limited company. The deficit of approximately RMB3.2 million in capital reserve of the Company as at 1st January, 2002 represents the excess of the net assets of the Company calculated based on its PRC GAAP financial statements over that calculated based on its financial statements prepared under International Financial Reporting Standards ("IFRS") when the conversion took place in 2000. Such excess resulted from:

- (a) The deferred government grant of approximately RMB1,869,000 for purchase of plant and equipment. In accordance with PRC accounting regulations, this government grant was recorded as capital reserve when received, which had been subsequently capitalized as the Company's issued share capital in 2000 as described above. Under IFRS, this government grant was deferred and credited to the income statement on a straight-line basis over the average useful life of the related assets. An amount of approximately RMB208,000, which is equal to the annual amortization of this deferred revenue, is appropriated from its annual net profit after taxation under IFRS to capital reserve as this income is not distributable. As a consequence, a net deficit in capital reserve of approximately RMB1,453,000 arose in the Company's financial statements prepared under IFRS as at 1st January, 2002 in this respect.
- (b) In connection with a transfer of equity capital between investors of Shanghai Qingpu Fire-Fighting Equipment Factory in 1996, the Company's property, plant and equipment was revalued, and a revaluation surplus of approximately RMB1,733,000 was recorded as paid-in capital in its PRC GAAP financial statements. In the Company's financial statements prepared under IFRS, all property, plant and equipment was stated at historical cost. Accordingly, an adjustment of the same amount was recorded as a deficit of capital reserve.

## 15. OPERATING LEASE COMMITMENTS

As at 30th June, 2006, the total future minimum lease payments in respect of non-cancelable operating leases for land and buildings are as follows:

	<b>Unaudited</b>	
	<b>At 30th June,</b>	
	<b>2006</b>	2005
	<b>RMB'000</b>	<b>RMB'000</b>
Within on year	–	82
Over one year but within 5 years	–	–
	–	82

## Review of Business Objectives

### Comparison of Business Objectives with Actual Business Progress

To achieve our long-term business goal, the Company has set out implementation plan on pages 90 to 92 of the prospectus of the Company dated 18th June, 2004, for the six months ended 30th June, 2006. The actual progress of these plans over the review period is discussed below.

#### Development of new products

##### ***Alloy steel fire extinguisher cylinders with capacity from 10L to 20L***

###### *Expected project progress*

Precision volume development and product upgrading

###### *Actual project progress*

Product tailor-made to customer requirements

##### ***Auto fire extinguishing system***

###### *Expected project progress*

Product modification and test run

###### *Actual project progress*

Test run to be commenced in 2006

#### Market expansion and penetration

##### ***Expected project progress***

Expand the U.S. market for the sale of other cylinders.

Explore Thailand market for the sale of fire fighting equipment.

##### ***Actual project progress***

Management together with sale agents had visited various cities in USA in March 2006

Management had started various discussions with potential customers from Thailand in April 2006

#### Expansion of production capacity

##### ***Expected project progress***

Upgrade testing techniques

Purchase of pressure extension and water pressure testing equipment

##### ***Actual project progress***

Research team had completed testing

Completed.



## Financial Review

For the six months ended 30th June, 2006, the Company has accomplished a revenue of approximately RMB20,082,000 and a net loss of approximately RMB1,217,000 representing a decrease of 43% and 296% respectively as compared to the same period in the previous year. The decrease in revenue and profit is mainly due to the lower demand in the PRC and exchange loss incurred during the period.

## Liquidity and Financial Resources

The Company generally finance its operations from the cash flows generated internally.

As at 30th June, 2006, the Company had total assets of approximately RMB64,230,000, including bank balances and cash of approximately RMB403,000, compared to approximately RMB68,029,000 and RMB790,000 as at 31st December, 2005 respectively.

As at 30th June, 2006, the Company's gearing ratio, being the ratio of its total liabilities and total assets, is about 42.65% (2005: 43.54%).

## Foreign Exchange Exposure

Effective from 1st January, 2003, the Company starts selling its products to overseas customers. Most of such export sales contracts are denominated in Euro and United States dollars. The Company does not enter into any foreign exchange forward contracts to hedge its exposure to Euro and United States dollars. However, the Company's management closely monitors the fluctuation in foreign currency exchange rates, and is of the opinion that the Company's net assets denominated in Euro and United States dollars as at 30th June, 2006 would not result in significant exchange loss to the Company.

## Employee Information

As at 30th June, 2006, the Company had rationalized its workforce to 221 employees (30th June, 2005: 224). For the six months ended 30th June, 2006, the total staff costs amounted to approximately RMB2,960,000 (six months ended 30th June, 2005: approximately RMB3,376,000). The Company's remuneration policies are determined on the basis of the performance and experience of individual employees.

## Contingent Liabilities

As at 30th June, 2006, the Company had no material contingent liabilities.





## Subsequent Events

### (i) Auction of the shares held by the Controlling Shareholder

On or about 25th June, 2004, Shanghai Huasheng Enterprises (Group) Company Limited, the Controlling Shareholder of the Company, entered into a guarantee in favour of Zhejiang Mechanical Devices Import and Export Company Limited (the “Creditor”) to guarantee payment by Shanghai Dazhi of US\$3 million credit facility given by the Creditor to Shanghai Dazhi in the course of its business. Shanghai Dazhi defaulted in the repayment of the amount owed to the Creditor. As a result, the Creditor commenced legal proceedings against Shanghai Dazhi and the Controlling Shareholder for the recovery of the outstanding amount. The 63,300,000 shares of the Company owned by the Controlling Shareholder (the “Auction shares”), were then frozen by the Hangzhou People’s Court on or about 16th November, 2004 pending outcome of the action. Subsequent to the granting of the Judgment, a notice for the auction of the Auction Shares was issued by the Hangzhou People’s court on 12th May, 2006.

Should the Auction Shares be sold to any party other than the Controlling Shareholder, the acquisition of the Auction Shares would result in a change in control of the Company and a general offer will be extended by the buyer of the Auction Shares for all the issued shares of the Company (other than those owned or agreed to be acquired by the buyer) in accordance with the Hong Kong Coded on Takeovers and Mergers.

### (ii) Resignation of the Compliance Adviser

Shenyin Wanguo has resigned as the compliance adviser of the Company due to outstanding fees allegedly due and payable by the Company to Shenyin Wanguo. The Company and Shenyin Wanguo are in the course of arranging for the settlement of the outstanding fees payable to Shenyin Wanguo. As at the date of this report, save as for a demand for payment of the alleged outstanding amount, the Company has not received any notice in relation to any possible litigation to be taken by Shenyin Wanguo against the Company for the recovery of the fee alleged to be payable by the Company.

## Capital Structure

The Company’s H shares were listed on the GEM (the “Listing”) on 30th June, 2004, details of which are set out in the prospectus of the Company dated 18th June, 2004 issued, in respect of the Company’s H shares listed on GEM.

## Material Acquisitions, Disposals and Significant Investments

The Company had made no significant investments and material acquisitions or disposals for the six months ended 30th June, 2006.



## Future Prospects

With the PRC's policy of continuously strengthening and enforcing laws and regulations in respect of fire prevention and fighting, the demand for fire prevention and fighting system will continue to grow in the foreseeable future which will generate business opportunities to the Company. The Company is planning to expand its annual production capacity for fire extinguishers from approximately 600,000 units to approximately 2,100,000 units and, for fire extinguisher cylinders and other cylinders from approximately 740,000 units to approximately 2,500,000 units for the year ending 31st December, 2006. The Board of the Company is confident that, with the Company's expertise, management strengths, sales and marketing abilities, we are able to achieve better results and rapid growth in the coming years. The Company will become a major enterprise in the manufacture and sale of fire fighting equipment in the PRC and worldwide.

## Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 30th June, 2006, the interests and short positions of the Directors including the chief executives 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 Exchange pursuant to the minimum standard of dealings by Directors as referred to in Rule 5.46 of the GEM Listing Rules, were as follows:

### Long positions in shares of the Company

Name of Director	Number of shares beneficially held		Approximate percentage of domestic shares	Approximate percentage of total registered share capital
	Personal	Corporate		
Jiang Zi Qiang (Note 1)	63,300,000	63,300,000	48.00	33.77
Jiang Zhou	13,190,000	13,190,000	10.00	7.04
Wang Zhi Yu	14,070,000	14,070,000	10.67	7.51
Wang Liang Fa	11,870,000	11,870,000	9.00	6.33

Notes:

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.

Save as disclosed above, as at 30th June, 2006, none of the Directors and chief executives 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 in Shares, Underlying Shares and Debentures

As at 30th June, 2006, the following persons (other than the Directors including the chief executives 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:

### Long positions in shares of the Company

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

*Note:*

- Jiang Zi Qiang owns 89% of Shanghai Huasheng Enterprises (Group) Company Limited. Accordingly, Jiang Zi Qiang is deemed by Part XV or 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 30th June, 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.

### Code of Conduct Regarding Securities Transactions by Directors

During the six months ended 30th June, 2006, the Company had adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings. The Company also had made specific enquiry of all Directors and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by directors.



## Compliance with Rules 5.48 to 5.67 of the GEM Listing Rules

The Company has adopted a code of conduct regarding Directors' securities transactions on term no less exacting than the required standard dealing as set out in Rules 5.48 to 5.67 of the GEM Listing Rule throughout the period ended 30th June, 2006. Having made specific enquiry of all Directors, the Directors have complied with such coded of conduct and the required standard of dealing throughout the period 30th June, 2006.

## Compliance with Code on Corporate Governance Practices

The Company has complied with all the code provisions as set out in the Code Corporate Governance Practices contained in Appendix 15 of the GEM Listing Rules throughout the period under review.

## Audit Committee

The Company established an audit committee on 10th June, 2004 with written terms of reference in compliance with the relevant GEM Listing Rules. The primary duties of the audit committee are to review and to provide supervision over the financial reporting process and internal control system of the Company. The audit committee consist of three members, namely Mr. Li Long Ling, Mr. Chen Wen Gui and Mr. Yang Chun Bao, all being independent non-executive Directors of the Company.

The audit committee has reviewed with management the unaudited half year report for the period ended 30th June, 2006.

## Purchase, Redemption or Sale of Listed Securities

The Company did not purchase, sell of redeem any listed securities of the Company during the six months ended 30th June, 2006.

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

Shanghai, the PRC, 14th August, 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).*