



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 2007

* *For identification purpose only*

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

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. 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 of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim 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 (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 for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquires, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

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 2007 together with the unaudited comparative figures for the corresponding period in 2006, as follows:

UNAUDITED CONDENSED INCOME STATEMENT

	<i>Notes</i>	Three months ended 31 March	
		2007 <i>RMB'000</i>	2006 <i>RMB'000</i>
Turnover	3	11,037	8,052
Cost of sales		(9,723)	(7,491)
Gross profit		1,314	561
Other revenue and income	3	191	53
Provision for loss on financial guarantees		(222)	–
Reimbursement receivable for loss on financial guarantees		222	–
Distribution costs		(154)	(557)
Administrative expenses		(1,287)	(954)
Profit/(loss) from operations		64	(897)
Finance costs	4	(145)	(213)
Loss before tax		(81)	(1,110)
Income tax	5	–	–
Loss for the period and total comprehensive loss for the period		(81)	(1,110)
Loss for the period and total comprehensive loss for the period attributable to owners of the Company		(81)	(1,110)
Dividend	6	–	–
Loss per share (RMB) – Basic (cents)		(0.0004)	(0.006)

Notes:

1. CORPORATE INFORMATION

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.

The Company is principally engaged in manufacture and sale of fire-fighting equipment products.

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").

The unaudited first quarterly results for the three months ended 31 March 2007 have been reviewed by the audit committee of the Company.

Other than the adoption of the new and revised IFRSs as below, 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 2006.

The Company has early adopted certain new and revised IFRSs published by the IASB which are effective for up to the accounting year ended 31 December 2009:

IFRS 1 Amendment	First-time Adoption of International Financial Reporting Standards
IFRS 7	Financial instruments: Disclosures
IFRS 8	Operating Segments
IAS 23 (Revised)	Borrowing Costs
IAS 32 Amendment	Financial Instruments: Disclosure and Presentation
IAS 1 Amendment	Presentation of Financial Statement: Capital disclosures

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.

3. TURNOVER, OTHER REVENUE AND INCOME

The Company's turnover is derived principally from the sales of the fire-fighting equipment products.

An analysis of the Company's turnover, other revenue and income is as follows:

	Unaudited	
	Three months ended 31 March	
	2007	2006
	RMB'000	RMB'000
Turnover		
Sale of goods	11,037	8,052
Other revenue and income		
Interest income	1	1
Sundry income	190	52
	191	53
Total turnover, other revenue and income	11,228	8,105

4. FINANCE COSTS

	Unaudited	
	Three months ended 31 March	
	2007	2006
	RMB'000	RMB'000
Interest expenses on bank loans wholly repayable within 5 years	140	143
Exchange losses	–	68
Others	5	2
	145	213

5. INCOME TAX

No provision for Hong Kong profits tax and PRC Enterprise Income Tax has been made as the Company had no assessable profits arising in Hong Kong and the PRC during the period (2006: Nil).

The tax effect of temporary differences for deferred tax assets was not recognized in the financial statements due to the uncertainty of future profits streams against which the assets can be utilized. These tax losses will expire in the next five years (2006: Nil).

6. DIVIDEND

The directors do not recommend the payment of any dividend for the three months ended 31 March 2007 (2006: Nil) in view of loss for the period.

7. RESERVES

	Share capital <i>RMB'000</i>	Share premium <i>RMB'000</i>	Capital reserve <i>RMB'000</i>	Statutory reserve fund <i>RMB'000</i>	Discretionary common reserve fund <i>RMB'000</i>	(Accumulated losses/ retained earnings <i>RMB'000</i>)	Total <i>RMB'000</i>
31 March 2007							
As at 1 January 2007	18,743	10,910	(2,149)	3,734	1,500	(51,191)	(18,453)
Total comprehensive loss for the period	-	-	-	-	-	(81)	(81)
Appropriation	-	-	52	-	-	(52)	-
As at 31 March 2007	<u>18,743</u>	<u>10,910</u>	<u>(2,097)</u>	<u>3,734</u>	<u>1,500</u>	<u>(51,324)</u>	<u>(18,534)</u>
31 March 2006							
As at 1 January 2006	18,743	10,910	(2,356)	3,734	1,500	5,322	37,853
Total comprehensive loss for the period	-	-	-	-	-	(1,110)	(1,110)
Appropriation	-	-	52	-	-	(52)	-
As at 31 March 2006	<u>18,743</u>	<u>10,910</u>	<u>(2,304)</u>	<u>3,734</u>	<u>1,500</u>	<u>4,160</u>	<u>(36,743)</u>

BUSINESS AND FINANCIAL REVIEW

Turnover

For the three months ended 31 March 2007, the Company recorded a turnover of approximately RMB11,037,000 (for the three months ended 31 March 2006: RMB8,052,000), representing an increase of approximately 37.07% over the corresponding period of last year. 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 continues to grow.

Cost of sales

For the three months ended 31 March 2007, the Company's cost of sales amounted to approximately RMB9,723,000 (for the three months ended 31 March 2006: RMB7,491,000), representing an increase of approximately 29.80% over the corresponding period of last year. The Company's cost of sales primarily comprised the costs of raw materials (especially steel pipes) and labour.

Gross profit

For the three months ended 31 March 2007, the Company recorded an overall gross profit of approximately RMB1,314,000 (for the three months ended 31 March 2006: gross profit of approximately RMB561,000), representing an increase of approximately 134.22% over the corresponding period of last year. The increase was primarily attributable to the lift in the demand of fire prevention and fighting system, resulting in an increase in turnover and gross profit.

Other revenue and income

For the three months ended 31 March 2007, other revenue and income reached approximately RMB191,000 (for the three months ended 31 March 2006: RMB53,000). Other revenue and income for the three months ended 31 March 2007 primarily comprised revenue from the sales of waste amounting to RMB136,000, while that for the three months ended 31 March 2006 primarily comprised the amortization of government subsidy for the Company's machinery purchase amounting to RMB52,000.

Distribution costs

For the three months ended 31 March 2007, the Company generated distribution costs of approximately RMB154,000, representing a decrease of approximately 72.35% over the corresponding period of last year. The significant decrease of distribution costs was primarily due to the slump of commission fees and export expenses.

Administrative expenses

For the three months ended 31 March 2007, the Company's administrative expenses amounted to approximately RMB1,287,000 (for the three months ended 31 March 2006: RMB954,000), representing an increase of approximately 34.91% over the corresponding period of last year.

Finance costs

Finance costs reached RMB145,000, representing a decrease of 31.92% over the corresponding period of last year.

Loss for the period

For the three months ended 31 March 2007, the Company recorded a loss for the period of approximately RMB81,000 (for the three months ended 31 March 2006: loss for the period of RMB1,110,000). Such change indicates that the Company's results have improved by RMB1,029,000 over the corresponding period of 2006.

Income tax

Pursuant to the relevant PRC tax regulations, the normal Enterprise Income Tax ("EIT") rate is 33%. However, High and New Technology Enterprises ("HNTE") operating within a designated High and New Technology Development Zone ("Development Zone") are entitled to an 18% reduction of EIT rate. The certification as a HNTE is subject to an annual review by the relevant government authorities.

The Company's certification was extended by the relevant government authorities in 2005. As the Company is recognized as a HNTE and is operating and registered in a designated Development Zone, it is therefore entitled to a reduced EIT rate of 15%.

As the Company recorded loss for the three months ended 31 March 2007, no EIT was charged.

No deferred tax was charged for tax loss as the Company cannot ascertain its earning position in the foreseeable future.

Outlook

The demand for fire-safety and fire-fighting systems will keep lifting in the PRC against the backdrop of the rapid development of the PRC's real estate industry and the enhanced laws on fire-fighting. The volume of fire-fighting equipment procurement in the PRC from other countries in the world has been soaring as well. In addition to fire-fighting equipment, the gas cylinder products of the Company can also be applied to many other industries such as medical treatment, automobile and environmental protection, indicating a prosperous prospect. The Company is also endeavouring to develop new products and expand customer resources.

Future Plan

The Company intends to cement internal management, strengthen operating efficiency, develop new products and control production costs. Efforts will be made to develop domestic operating networks and export agents, with an aim to expand sales. Upon sharpening the competitive edge and expanding customer resources, the Company will also increase equipment utilisation and expand production. The Company will conduct its businesses in multiple channels in a move to improve its performance.

DIRECTORS' AND SUPERVISORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2007, 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	Capacity	Number of shares <i>(Note 2)</i>	Approximate percentage of total issued share capital
Mr. Jiang Zi Qiang	Held by controlled corporation <i>(Note 1)</i>	63,300,000	33.77%
Mr. Li Zheng Li	Beneficial owner	14,070,000	7.51%
Mr. Jiang Zhou	Beneficial owner	13,190,000	7.04%
Ms. Li Min Zhi	Beneficial owner	12,620,000	6.73%
Mr. Tang Heng Yi	Beneficial owner	11,870,000	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 of the Company.

Save as disclosed above, as at 31 March 2007, 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 2007, the following person (other than the Director and supervisors of the Company) has any 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:

Long positions in shares of the Company

Name of Shareholders	Capacity	Number of shares	Approximate percentage of total registered share capital
Shanghai Huasheng Enterprise (Group) Company Limited	Beneficial owner	63,300,000 (<i>Note 1</i>)	33.77%
Mr. Jiang Zi Qiang (<i>Note 2</i>)	Held by controlled corporation	63,300,000 (<i>Note 1</i>)	33.77%
Victory Investment China Group Ltd.	Beneficial owner	16,628,000	8.87%
Mr. Li Zheng Li	Beneficial owner	14,070,000 (<i>Note 1</i>)	7.51%
Mr. Jiang Zhou	Beneficial owner	13,190,000 (<i>Note 1</i>)	7.04%
Ms. Li Min Zhi	Beneficial owner	12,620,000 (<i>Note 1</i>)	6.73%
Mr. Tang Heng Yi	Beneficial owner	11,870,000 (<i>Note 1</i>)	6.33%

Notes:

1. All represented domestic shares of the Company.
2. Mr. Jiang Zi Qiang owns 89% of Shanghai Huasheng Enterprises (Group) Company Limited. Accordingly, Jiang Zi Qiang is deemed to be interested in the 63,300,000 shares held by Shanghai Huasheng Enterprises (Group) Company Limited.

Save as disclosed above, the Company has not been notified of any other relevant interests representing 5 percent or more in the issued shares capital of the Company as at 31 March 2007.

DIRECTORS' AND SUPERVISORS' INTERESTS IN CONTRACTS

To the best knowledge of the Board, no contracts of significance in relation to the Company's business to which the Company was a party and in which any persons who were Directors or supervisors of the Company during the 3 months ended 31 March 2007 had a material interest, whether directly or indirectly, subsisted at 31 March 2007 or at any time during the 3 months ended 31 March 2007.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the 3 months ended 31 March 2007, the Company did not purchase, sell or redeem any of the Company's listed securities.

CORPORATE GOVERNANCE

Pursuant to rule 18.44 (2) and Appendix 16 of the GEM Listing Rules, the Company wish to state that it has complied with all code provisions set out in the Code on Corporate Governance Practices contained in the Appendix 15 of the GEM Listing Rules (the "Code") during the year.

(1) Corporate Governance Practices

The Company is committed to promoting good corporate governance, with the objectives of (i) the maintenance of responsible decision making, (ii) the improvement in transparency and disclosure of information to shareholders, (iii) the continuance of respect for the rights of shareholders and the recognition of the legitimate interests of the shareholders, and (iv) the improvement in management of risk and the enhancement of performance by the Company. The Company has applied in Appendix 15 of the GEM Listing Rules with these objectives in mind.

(2) Directors' Securities Transactions

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of the directors of the Company, all directors have complied with the required standard of dealings and code of conduct regarding securities transactions by directors.

AUDIT COMMITTEE

The Company has an audit committee (the “Audit Committee”) established with written terms of reference in compliance with GEM Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal controls of the Group and to provide advice to the directors of the Company.

The Audit Committee comprises one non-executive director Ms. Chai Xiao Fang and two independent non-executive directors of the Company, namely Mr. Yang Chun Bao and Mr. Zhang Cheng Ying.

The Audit Committee has reviewed the Group’s unaudited results for the 3 months ended 31 March 2007 and has provided advice and comments thereon.

By order of the Board
Shanghai Qingpu Fire-Fighting Equipment Co., Ltd.
Zhou Jin Hui
Director

Hong Kong, 3 December 2010

As at the date of this report, the executive Directors are Mr. Chen Shi Da, Mr. Hu Jing Hai, Mr. Zheng Yi Song, Mr. Zhou Jin Hui and Mr. Rao Jun Xi; the non-executive Directors are Ms. Chai Xiao Fang, Mr. Gong Xu Lin and Ms. Wang Xiang; and the independent non-executive Directors are Mr. Chen Wen Gui, Mr. Wang Guo Zhong, Mr. Yang Chun Bao and Mr. Zhang Cheng Ying.