



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 2013

* *For identification purpose only*

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INTERIM RESULTS (UNAUDITED)

The Board of Directors (the “Board”) of Shanghai Qingpu Fire-Fighting Equipment Co., Ltd. (the “Company”, together with its subsidiary, collectively the “Group”) is pleased to announce the unaudited consolidated results of the Group for the six months ended 30 June 2013. For the six months ended 30 June 2013, the unaudited revenue is approximately RMB24,049,000, representing an increase of approximately RMB4,769,000 or approximately 24.9% as compared with that of the same period in 2012. The Group has recorded a profit of approximately RMB3,486,000 for the six months ended 30 June 2013 representing a increase of approximately 48.9% as compared with the profit of approximately RMB2,341,000 for the corresponding period in 2012.

The unaudited condensed consolidated financial statements of the Group for the three months and six months ended 30 June 2013 together with the unaudited comparative figures for the corresponding period in 2012 (“the Relevant Periods”) are as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
		2013	2012	2013	2012
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	3	12,092	10,709	24,049	19,253
Cost of sales		(9,391)	(8,046)	(18,342)	(14,778)
Gross profit		2,701	2,663	5,707	4,475
Other income and gains	3	651	671	1,174	1,346
Selling and distribution costs		(206)	(451)	(379)	(642)
Administrative expenses		(1,267)	(1,289)	(2,580)	(2,748)
Profit before tax	5	1,879	1,594	3,922	2,431
Income tax expense	6	(391)	(53)	(436)	(90)
Profit for the period and total comprehensive income for the period		1,488	1,541	3,486	2,341
Attributable to:					
Owners of the Company		1,420	1,476	3,344	2,248
Non-controlling interests		68	65	142	93
		1,488	1,541	3,486	2,341
Earnings per share attributable to ordinary equity holders of the Company	8				
– Basic (RMB cent(s))		0.76	0.79	1.8	1.2
– Diluted (RMB cent(s))		0.76	0.79	1.8	1.2

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Unaudited As at 30 June 2013 <i>RMB'000</i>	Audited As at 31 December 2012 <i>RMB'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment	9	8,774	9,547
Investment properties	10	23,370	23,370
Prepaid land lease payments		123	125
		32,267	33,042
Total non-current assets			
CURRENT ASSETS			
Inventories		6,963	7,024
Trade and bills receivables	11	13,784	8,771
Prepayments, deposits and other receivables		4,414	2,430
Due from fellow subsidiaries	12	5,269	1,915
Cash and bank balances		10,360	12,726
		40,790	32,866
Total current assets			
CURRENT LIABILITIES			
Trade payables	13	8,155	3,615
Other payables and accruals	14	3,861	4,526
Tax payable		113	69
		12,129	8,210
Total current liabilities			
NET CURRENT ASSETS		28,661	24,656
TOTAL ASSETS LESS CURRENT LIABILITIES		60,928	57,698
NON-CURRENT LIABILITIES			
Due to immediate holding company	15	(1,800)	(1,800)
Deferred tax liabilities		(4,120)	(4,120)
		(5,920)	(5,920)
Total non-current liabilities			
Net assets		55,008	51,778
EQUITY			
Equity attributable to owners of the Company			
Issued capital	16	18,743	18,743
Reserves		35,827	32,483
		54,570	51,226
Total equity attributable to owners of the Company			
Non-controlling interests		438	552
		55,008	51,778
Total equity		55,008	51,778

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company									
	Issued capital	Share premium	Capital reserve	Statutory reserve fund	Discretionary			Total	Non- controlling interests	Total equity
					common reserve fund	Asset revaluation reserve	Accumulated losses			
<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<i>Six months ended 30 June 2013</i>										
Balance at 1 January 2013	18,743	10,910	25,134	5,468	1,500	11,299	(21,828)	51,226	552	51,778
Profit for the period and total comprehensive income for the period	-	-	-	-	-	-	3,344	3,344	142	3,486
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	(256)	(256)
Balance at 30 June 2013	<u>18,743</u>	<u>10,910*</u>	<u>25,134*</u>	<u>5,468*</u>	<u>1,500*</u>	<u>11,299*</u>	<u>(18,484)*</u>	<u>54,570</u>	<u>438</u>	<u>55,008</u>
<i>Six months ended 30 June 2012</i>										
Balance at 1 January 2012	18,743	10,910	24,079	5,036	1,500	15,065	(26,801)	48,532	397	48,929
Profit for the period and total comprehensive income for the period	-	-	-	-	-	-	2,248	2,248	93	2,341
Balance at 30 June 2012	<u>18,743</u>	<u>10,910</u>	<u>24,079</u>	<u>5,036</u>	<u>1,500</u>	<u>15,065</u>	<u>(24,553)</u>	<u>50,780</u>	<u>490</u>	<u>51,270</u>

* These reserve accounts comprise the consolidated reserves of approximately RMB35,827,000 in the condensed consolidated statement of financial position.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited	
	Six months ended	
	30 June	
	2013	2012
	<i>RMB'000</i>	<i>RMB'000</i>
Net cash flows (used in)/from operating activities	(1,913)	2,895
Net cash flows used in investing activities	(197)	(285)
Net cash flows used in financing activities	(256)	–
Net (decrease)/increase in cash and cash equivalents	(2,366)	2,610
Cash and cash equivalents at beginning of period	12,726	6,756
Cash and cash equivalents at end of period	10,360	9,366

Notes:

1. GENERAL

Shanghai Qingpu Fire-Fighting Equipment Co., Ltd. (the “Company”) was established in the People’s Republic of China (the “PRC”) as a collective enterprise under the name of Shanghai Qingpu Fire-Fighting Equipment Factory (“上海青浦消防器材廠”). In 1999, it was transformed into a limited liability company. Through a series of equity transfers and capital injections in 2000, the Company was transformed into a joint stock limited liability company on 1 December 2000 and was renamed as Shanghai Qingpu Fire-Fighting Equipment Co., Ltd. (“上海青浦消防器材股份有限公司”). The registered office of the Company is located at No. 1988, Jihe Road, Hua Xin Town, Qingpu District, Shanghai, the PRC and its principal place of business in Hong Kong is situated at Unit 2605, Island Place Tower, 510 King’s Road, North Point, Hong Kong.

On 30 June 2004, 55,560,000 new H shares in the Company were issued and listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

During the period, the Group was involved in the following principal activities:

- manufacture and sale of fire-fighting equipment products;
- provision of fire technology inspection services; and
- manufacture and trading of iron casted grooved couplings.

In the opinion of the directors, the Company’s immediate holding company is 聯城消防集團股份有限公司 (Liancheng Fire-Fighting Group Joint Stock Co., Ltd., “Liancheng”), which is a limited liability company established in the PRC, and the ultimate holding company is 浙江恒泰房地產有限公司 (Zhejiang Hengtai Real Estate Company Limited, “Zhejiang Hengtai”), which is a limited liability company established in the PRC.

2. PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements of the Company and its subsidiary (collectively the “Group”) 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 the GEM of the Stock Exchange of Hong Kong Limited (“GEM Listing Rules”). The financial information has been prepared under the historical convention, except for investment properties that are measured at fair value.

Other than the adoption of the accounting policies and the new and revised IFRSs as below, the accounting policies adopted are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2012.

In the current interim period, the Group has adopted, for the first time, the following new and revised standards and interpretations (the “new and revised IFRSs”) published by the IASB which are effective for up to the accounting year ending 31 December 2013:

IAS 1 Amendments	Amendments to IAS 1 <i>Presentation of Financial Statement – Other Comprehensive Income</i>
IAS 19 (2011)	Employee Benefits
IAS 27 (2011)	Separate Financial Statements
IAS 28 (2011)	Investments in Associate and Joint Ventures
IFRS 10	Consolidated Financial Statement
IFRS 11	Joint Arrangement
IFRS 12	Disclosure of Interests in Other Entities
IFRS 13	Fair Value Measurement
IFRS 1 Amendments	Amendments to IFRS 1 <i>First-time Adoption of International Financial Reporting Standards – Government Loans</i>
IFRS 7 Amendments	Amendments to IFRS 7 Financial Instruments: <i>Disclosures – Offsetting Financial Assets and Financial Liabilities</i>
IFRS 10, IFRS 11 and IFRS 12 Amendments	Amendments to IFRS 10, IFRS 11 and IFRS 12 – <i>Transition Guidance</i>
Annual Improvements 2009 – 2011 Cycle	Amendments to a number of IFRSs issued in May 2012

The adoption of these new and revised 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 Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements.

IAS 32 Amendment	Presentation – Offsetting Financial Assets and Liabilities ¹
IFRS 9	Financial Instruments ²
IFRS 10, IFRS 11 and IAS 27 (2011) Amendments	Amendments to IFRS 10, IFRS 12 and IAS 27 (2011) – <i>Investment Entities</i> ¹
IFRIC 21	Levies ¹

¹ *Effective for annual periods beginning on or after 1 January 2014*

² *Effective for annual periods beginning on or after 1 January 2015*

The Group is in the process of making an assessment of the impact of these new and revised IFRSs upon initial application. So far, the Group considers that these new and revised IFRSs are unlikely to have a significant impact on the both Group's results of operations and financial position.

3. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents income arising from the Group's principal activities, being manufacture and sale of fire fighting equipment products, provision of fire technology inspection services and manufacture and trading of iron casted grooved couplings, net of business tax, value added tax, trade discounts and returns during the period.

An analysis of the Group's revenue, other income and gains is as follows:

	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000
Revenue				
Sales of fire-fighting equipment	6,947	8,662	14,318	15,820
Inspection service rendered	1,692	2,047	3,491	3,433
Trading of iron casted grooved couplings	3,453	—	6,240	—
	<u>12,092</u>	<u>10,709</u>	<u>24,049</u>	<u>19,253</u>
Other income and gains				
Interest income	10	—	12	—
Sundry income	73	75	73	64
Gross rental income	480	493	931	986
Sales of scraps	88	103	158	296
	<u>651</u>	<u>671</u>	<u>1,174</u>	<u>1,346</u>
Total revenue, other income and gains	<u>12,743</u>	<u>11,380</u>	<u>25,223</u>	<u>20,599</u>

4. SEGMENT INFORMATION

The Group manages its businesses by business lines (products and services). Segment information is presented in a manner consistent with the way in which the information is reported internally to Group's management for the purposes of resource allocation and performance assessment.

The Group has the following three segments:

- (i) Fire-Fighting equipment segment – manufacture and sales of fire-fighting equipment products;
- (ii) Inspection services segment – provision of fire technology inspection services; and
- (iii) Grooved couplings segment – manufacture and trading of iron casted grooved couplings.

Six months ended 30 June 2013 (Unaudited)	Fire-fighting equipment RMB'000	Inspection services RMB'000	Grooved couplings RMB'000	Total RMB'000
Revenue	14,318	3,491	6,240	24,049
Segment results	953	1,510	516	2,979
Unallocated revenue and cost				943
Profit before tax				3,922
Segment assets	45,485	4,202	–	49,687
Unallocated segment assets				23,370
Total assets				73,057
Segment liabilities	11,830	186	–	12,016
Unallocated segment liabilities				6,033
Total liabilities				18,049
Capital expenditures	(189)	(20)	–	(209)
Depreciation	882	100	–	982

Six months ended 30 June 2012 (Unaudited)	Fire-fighting equipment <i>RMB'000</i>	Inspection services <i>RMB'000</i>	Total <i>RMB'000</i>
Revenue	<u>15,820</u>	<u>3,433</u>	<u>19,253</u>
Segment results	<u>515</u>	<u>930</u>	1,445
Unallocated revenue and cost			<u>986</u>
Profit before tax			<u>2,431</u>
Segment assets	33,725	5,056	38,781
Unallocated segment assets			<u>22,150</u>
Total assets			<u>60,931</u>
Segment liabilities	7,528	249	7,777
Unallocated segment liabilities			<u>1,884</u>
Total liabilities			<u>9,661</u>
Capital expenditures	251	34	285
Depreciation	<u>747</u>	<u>98</u>	<u>845</u>

The Group operates principally in the PRC. Over 90% of the Group's revenue is derived from the operations in the PRC and over 90% of the Group's assets are located in the PRC. Accordingly, no further disclosures by the reportable segments based on geographical areas were made.

Information about a major customer

No revenue from transactions with a single customer amounted to more than 10% of the Group's revenue for the period.

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging the following items:

	Unaudited		Unaudited	
	Three months ended		Six months ended	
	30 June		30 June	
	2013	2012	2013	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Amortisation of prepaid land lease payment	1	1	2	2
Depreciation on property, plant and equipment	486	400	982	845
Operating lease rentals for land and buildings	133	284	255	462
Staff costs	1,182	1,741	2,348	2,616
Auditors' remuneration	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

6. INCOME TAX

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong during the period (six months ended 30 June 2012: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates.

	Unaudited	
	Six months ended	
	30 June	
	2013	2012
	RMB'000	RMB'000
Current tax – PRC		
Provision for the period	<u> 436</u>	<u> 90</u>

The Group did not have any material unprovided deferred tax for the six months ended 30 June 2013 as the temporary differences are immaterial.

7. DIVIDEND

No dividend have been paid or declared by the Group during the six months ended 30 June 2013 (six months ended 30 June 2012: Nil).

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the earnings per share for the six months ended 30 June 2013 is based on the profits attributable to ordinary equity holders of the Company of RMB3,344,000 (six months ended 30 June 2012: RMB2,248,000), and on the number of 187,430,000 (30 June 2012: 187,430,000) ordinary shares in issue during the period.

No adjustment has been made to the basic earnings per share amounts for six months ended 30 June 2012 and 2013 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during those periods.

9. PROPERTY, PLANT AND EQUIPMENT

	Construction in progress RMB'000	Buildings RMB'000	Machinery RMB'000	Furniture, fixtures and equipment RMB'000	Motor vehicles RMB'000	Total RMB'000
30 June 2013 (Unaudited)						
At 1 January 2013, net of accumulated depreciation	-	3,080	5,704	203	560	9,547
Additions	-	-	189	20	-	209
Depreciation provided during the period	-	(45)	(802)	(24)	(111)	(982)
	<u>-</u>	<u>3,035</u>	<u>5,091</u>	<u>199</u>	<u>449</u>	<u>8,774</u>
At 30 June 2013, net of accumulated depreciation	<u>-</u>	<u>3,035</u>	<u>5,091</u>	<u>199</u>	<u>449</u>	<u>8,774</u>
31 December 2012 (Audited)						
At 1 January 2012, net of accumulated depreciation	671	2,267	7,311	175	786	11,210
Additions	-	232	31	72	-	335
Write off	-	-	(1)	-	-	(1)
Disposals	-	-	-	-	(4)	(4)
Transfer to buildings	(671)	671	-	-	-	-
Depreciation provided during the year	-	(90)	(1,637)	(44)	(222)	(1,993)
	<u>-</u>	<u>90</u>	<u>1,637</u>	<u>44</u>	<u>222</u>	<u>1,993</u>
At 31 December 2012, net of accumulated depreciation	<u>-</u>	<u>3,080</u>	<u>5,704</u>	<u>203</u>	<u>560</u>	<u>9,547</u>

The buildings were held in the PRC under medium leases.

10. INVESTMENT PROPERTIES

	Unaudited 30 June 2013 RMB'000	Audited 31 December 2012 <i>RMB'000</i>
At beginning of period/year	23,370	22,150
Gain from a fair value adjustment	<u>—</u>	<u>1,220</u>
At the end of the period/year	<u>23,370</u>	<u>23,370</u>

The investment properties were held in the PRC under medium term leases.

The investment properties are leased to third parties under operating leases, further summary details of which are included in note 17(a) to this report.

11. TRADE AND BILLS RECEIVABLES

	Unaudited 30 June 2013 RMB'000	Audited 31 December 2012 <i>RMB'000</i>
Trade receivables	13,084	8,171
Bills receivable	<u>700</u>	<u>600</u>
	<u>13,784</u>	<u>8,771</u>

The Group's trading terms with its customers are mainly on credit, the credit period is generally two months, extending up to three months for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

An aged analysis of the trade receivables as at 30 June 2013, based on the invoice date, is as follows:

	Unaudited	Audited
	30 June	31 December
	2013	2012
	RMB'000	RMB'000
0 – 30 days	3,772	3,323
31 – 60 days	2,099	910
61 – 90 days	1,784	999
Over 90 days	6,129	3,539
	<u>13,784</u>	<u>8,771</u>

The aged analysis of the trade receivables that are not or neither individually nor collectively considered to be impaired is as follows:

	Unaudited	Audited
	30 June	31 December
	2013	2012
	RMB'000	RMB'000
Neither past due nor impaired	7,655	5,062
Less than 1 month past due	2,941	649
1 to 3 months past due	1,605	1,068
More than 3 months past due	1,583	1,992
	<u>13,784</u>	<u>8,771</u>

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

12. DUE FROM FELLOW SUBSIDIARIES

Name	Note	Unaudited 30 June 2013 RMB'000	Maximum amount outstanding during the period RMB'000	Audited 1 January 2013 RMB'000
上海石化消防工程有限公司 (Shanghai Petro-Chemical Fire-fighting Engineering Company Limited, "SPFE")	(i)	1,235	1,330	802
上海聯滬消防器材有限公司 (Shanghai Lianhu Fire-fighting Equipment Company Limited, "SLFE")	(i)	1,602	2,036	42
上海元蓬國際貿易有限公司 (Shanghai J.S.X International Trading Corporation, "JSX Trading")	(i) (ii)	1,898	2,702	507
上海高壓特种气瓶有限公司 (Shanghai Pressure Special Gas Cylinder Co., Limited, "Special Cylinder")	(i) (ii)	<u>534</u>	564	<u>564</u>
		<u>5,269</u>		<u>1,915</u>

Note:

- (i) These companies are controlled by Zhejiang Hengtai, the Group's ultimate holding company. The amounts due from fellow subsidiaries are unsecured, interest-free and have no fixed terms of repayments. These balances as at 31 December 2012 and 30 June 2013 were trade in nature.
- (ii) Subsequent to the end of the reporting period, the Company completed the acquisition of these fellow subsidiaries from Liancheng, the immediate holding company of the Company.

13. TRADE PAYABLES

An aged analysis of the trade payables as at 30 June 2013, based on the invoice date, is as follows:

	Unaudited 30 June 2013 <i>RMB'000</i>	Audited 31 December 2012 <i>RMB'000</i>
0 – 30 days	877	766
31 – 60 days	1,348	460
61 – 90 days	1,420	230
Over 90 days	4,510	2,159
	<u>8,155</u>	<u>3,615</u>

14. OTHER PAYABLES AND ACCRUALS

	Unaudited 30 June 2013 <i>RMB'000</i>	Audited 31 December 2012 <i>RMB'000</i>
Other payables	2,120	3,044
Accruals	887	963
Advances from customers	281	368
VAT payable	573	151
	<u>3,861</u>	<u>4,526</u>

15. DUE TO IMMEDIATE HOLDING COMPANY

On 3 December 2010, the ultimate controlling shareholder, Zhejiang Hengtai Real Estate Joint Stock Co., Ltd., and the immediate holding company, Liancheng Fire-Fighting Group Company Limited (“Liancheng”), have undertaken to provide to the Company an unsecured, interest-free shareholders’ loan facility in the sum of not exceeding RMB50 million (the “Facility”) for a term of five years. The Facility could be extended at the discretion of Liancheng for further two years. As at 30 June 2013, Liancheng has advanced RMB1,800,000 (2012: RMB1,800,000) to the Company.

16. SHARE CAPITAL

	Unaudited 30 June 2013 <i>RMB'000</i>	Audited 31 December 2012 <i>RMB'000</i>
Registered, issued and fully paid:		
131,870,000 unlisted domestic shares (“Domestic Shares”) of RMB0.10 each	13,187	13,187
55,560,000 overseas listed foreign invested shares (“H Shares”) of RMB0.10 each	5,556	5,556
	<u>18,743</u>	<u>18,743</u>

17. OPERATING LEASE COMMITMENTS

(a) As lessor

The Group leases its investment properties under operating leases arrangements with the leases negotiated for terms ranging from 3 to 5 years. The terms of the lease generally also require the tenants to pay security deposits and provide for periodic rent adjustment according to the then prevailing market conditions.

At 30 June 2013, the Group had total future minimum lease receivable under non-cancellable operating leases with its tenants falling due as follows:

	Unaudited 30 June 2013 <i>RMB'000</i>	Audited 31 December 2012 <i>RMB'000</i>
Within one year	1,769	1,814
In the second to fifth years, inclusive	3,514	4,442
	<u>5,283</u>	<u>6,256</u>

(b) As lessee

The Group leases certain land and buildings from an independent party under operating lease arrangements. Leases for properties are negotiated for terms ranging from 1 to 10 years.

As at 30 June 2013, the total future minimum lease payments in respect of non-cancellable operating leases for land and buildings are as follows:

	Unaudited 30 June 2013 <i>RMB'000</i>	Audited 31 December 2012 <i>RMB'000</i>
Within one year	645	535
Over one year but within 5 years	2,654	2,862
After 5 years	532	704
	<u>3,831</u>	<u>4,101</u>

18. RELATED PARTY TRANSACTIONS

- (a) The Group had the following material transactions with related parties, which also constitute continuing connected transactions under the GEM Listing Rules, during the period:

	Unaudited		Unaudited	
	Three months ended		Six months ended	
	30 June		30 June	
	2013	2012	2013	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Sales of goods				
SPFE	381	222	595	516
SLFE	905	313	2,153	529
	<u>1,286</u>	<u>535</u>	<u>2,748</u>	<u>1,045</u>
Commission expenses				
JSX Trading*	<u>86</u>	<u>224</u>	<u>173</u>	<u>315</u>

- * Subsequent to the end of the reporting period, the Company completed the acquisition of JSX Trading from Liancheng, the immediate holding company of the Company.

On 3 December 2010, the ultimate controlling shareholder, Zhejiang Hengtai, and the immediate holding company, Liancheng, have undertaken to provide to the Company an unsecured, interest-free shareholders' loan facility in the sum of not exceeding RMB50 million (the "Facility") for a term of five years. The Facility could be extended at the discretion of Liancheng for further two years. As at 30 June 2013, Liancheng has advanced RMB1,800,000 (2012: RMB1,800,000) to the Company (note 15).

The Company and JSX Trading entered into an agency agreement on 30 June 2011. Pursuant to the agreement, JSX Trading became a sales agent of the Company from 1 July 2011, the Company will pay 5% commission expenses on the transactions to JSX Trading. The commission paid to JSX Trading during the six months ended 2013 was approximately RMB173,000 (six months ended 2012: approximately RMB315,000).

In the opinion of the board of directors, the above transactions were carried out in the normal course of business of the Group and at prices and terms comparable with those charged by and contracted with third parties.

The above related parties are controlled by Zhejiang Hengtai, the ultimate holding company of the Group.

- (b) Compensation of key management personnel of the Group during the period was as follow:

	Unaudited		Unaudited	
	Three months ended		Six months ended	
	30 June		30 June	
	2013	2012	2013	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Fees:				
Executive directors	-	-	-	-
Independent non-executive directors	23	23	45	45
	<u>23</u>	<u>23</u>	<u>45</u>	<u>45</u>
Other emoluments:				
Salaries, allowances and benefits in kind	24	47	48	93
Pension scheme contributions	-	7	-	14
	<u>24</u>	<u>54</u>	<u>48</u>	<u>107</u>
	<u>47</u>	<u>77</u>	<u>93</u>	<u>152</u>

19. CAPITAL COMMITMENT

On 7 November 2012, the Company and its subsidiary, Shanghai Liming Fire Testing Co., Limited (“Liming”), entered into a sale and purchase agreement (“Agreement”) (and an Excluded Interest agreement with the Vendors, Shanghai Anchor Pressure Vessel (Group) Co., Limited (“Anchor”) and Shanghai Pressure Special Gas Cylinder Co., Limited (“Special Cylinder”), a subsidiary of Anchor, as part of the transaction under the Agreement) with Liancheng Fire-Fighting Group Company Limited, a controlling shareholder of the Company, and Mr. Wang Sheng (the “Mr. Wang”), an independent third party (collectively, the “Vendors”), pursuant to which, the Company and Liming acquired from the Vendors the entire issued share capital of Anchor and its subsidiaries, except for the land and building situated at No. 18, Lane 575, Jujiaqiao Road, Pudong New Area, Shanghai (the “Excluded Interest”) held by Special Cylinder, at a consideration of RMB6 million (the “Acquisition”). The consideration shall be settled by cash upon 12 months after the completion of the registration procedure for the change of Anchor’s shareholders in connection with the Acquisition.

An Extraordinary General Meeting (the “EGM”) was held on 23 July 2013, and the independent shareholders of the Company approved all the resolutions proposed at the EGM, including the Agreement, supplemental agreements, the Excluded Interest agreement and the transactions contemplated under each of them.

The Acquisition was completed on 29 July 2013. The Company directly and indirectly holds an effective interest of 99% of the equity interest in Anchor.

20. CONTINGENT LIABILITIES

At the end of the reporting period, the Group had no material contingent liabilities.

21. EVENT AFTER THE REPORTING PERIOD

Except for note 19, the Group did not have any material events after the reporting period.

BUSINESS AND FINANCIAL REVIEW

Revenue

For the six months ended 30 June 2013, the Group recorded a revenue of approximately RMB24,049,000 (six months ended 30 June 2012: RMB19,253,000), representing an increase of approximately 24.9% over the corresponding period of last year. As the increasing stability of orders received by the sales department of the Company and sale of iron casted grooved coupling started from second half of 2012, improved the revenue.

Cost of sales and gross profit

For the six months ended 30 June 2013, the Group's cost of sales amounted to approximately RMB18,342,000 (six months ended 30 June 2012: RMB14,778,000), representing an increase of approximately 24.1% over the corresponding period of last year. The main components of cost of sales for the Group include raw materials, mainly steel and aluminum, and labour cost.

For the six months ended 30 June 2013, the Group recorded overall gross profit of approximately RMB5,707,000 (six months ended 30 June 2012: gross profit of approximately RMB4,475,000), representing an increase of 0.5 percentage points to 23.7% from 23.2% of corresponding period of last year. Such increase was primarily attributable to increase in turnover as a result of the Group's improvement in control of sales cost, as well as new products/services with a higher margin. The fire technology inspection services provided a high gross margin and led to an overall stable gross profit margin.

Other revenue and income

For the six months ended 30 June 2013, other revenue and income reached approximately RMB1,174,000 (six months ended 30 June 2012: RMB1,346,000). Other revenue and income for the six months ended 30 June 2013 was primarily comprised revenue from the sales of scraps amounting to RMB158,000 and the rental income amounting to approximately RMB931,000.

Selling and distribution costs

For the six months ended 30 June 2013, the Group incurred selling and distribution costs of approximately RMB379,000, representing a decrease of approximately 41% over the corresponding period of last year. This was due to the decrease of entertainment and transportation expenses.

Administrative expenses

For the six months ended 30 June 2013, the Group's administrative expenses amounted to approximately RMB2,580,000 (six months ended 30 June 2012: RMB2,748,000), representing a decrease of approximately 6.1% over the corresponding period of last year, primarily attributable to the cost control on administrative expenses.

Finance costs

No finance costs were recorded for the six months ended 30 June 2013 (six months ended 30 June 2012: Nil).

Profit for the period

For the six months ended 30 June 2013, the Group recorded profit for the period of approximately RMB3,486,000 (six months ended 30 June 2012: RMB2,341,000), representing an increase of approximately 48.9%, primarily attributable to sales of casted grooved couplings started from second half of 2012.

Income tax

Pursuant to the relevant PRC tax regulations, the normal Enterprise Income Tax ("EIT") rate is 25%.

The EIT is calculated on the estimated assessable profits at 25% for the six months ended 30 June 2013 and 2012 after offsetting against tax losses brought forward from previous years.

Net current assets

As at 30 June 2013, the Company has net current assets of approximately RMB28,661,000, based on which, the current ratio was 3.4 (31 December 2012: 4.0). The current liabilities increased from RMB8,210,000 as at 31 December 2012 to RMB12,129,000 as at 30 June 2013. Current assets as at 30 June 2013 mainly comprised inventories of approximately RMB6,963,000, trade and bills receivables of approximately RMB13,784,000, prepayments, deposits and other receivables of approximately RMB4,414,000, receivables from fellow subsidiaries of approximately RMB5,269,000 and cash and bank deposits of approximately RMB10,360,000. Current liabilities mainly comprised trade payables of approximately RMB8,155,000, other payables and accrued charges of approximately RMB3,861,000.

Borrowings

The Group did not have any bank borrowings as at 31 December 2012 and 30 June 2013.

Gearing ratio

The Group's gearing ratio as at 30 June 2013 was 5.9% (31 December 2012: Nil), which was expressed as a percentage of the net debt divided by the total capital plus net debt. Net debt includes trading payables, other payables and accruals and amount due to immediate holding company, less cash and cash equivalents.

Capital structure and financial resources

As at 30 June 2013, the Group had net assets of approximately RMB55,008,000 (31 December 2012: RMB51,778,000). The Group's operations are financed principally by internal sources, shareholders' borrowings and shareholders' equity.

Material Acquisition

On 7 November 2012, the Company and its subsidiary, Shanghai Liming Fire Testing Co., Limited ("Liming"), entered into a sale and purchase agreement ("Agreement") (and an Excluded Interest agreement with the Vendors, Shanghai Anchor Pressure Vessel (Group) Co., Limited ("Anchor") and Shanghai Pressure Special Gas Cylinder Co., Limited ("Special Cylinder"), a subsidiary of Anchor, as part of the transaction under the Agreement) with Liancheng Fire-Fighting Group Company Limited, a controlling shareholder of the Company, and Mr. Wang Sheng (the "Mr. Wang"), an independent third party (collectively, the "Vendors"), pursuant to which, the Company and Liming acquired from the Vendors the entire issued share capital of Anchor and its subsidiaries, except for the land and building situated at No. 18, Lane 575, Jujiqiao Road, Pudong New Area, Shanghai (the "Excluded Interest") held by Special Cylinder, at a consideration of RMB6 million (the "Acquisition"). The consideration shall be settled by cash upon 12 months after the completion of the registration procedure for the change of Anchor's shareholders in connection with the Acquisition.

An EGM was held on 23 July 2013, the independent shareholders of the Company approved all the resolution proposed at the EGM, including the Agreement, supplemental agreements, the Excluded Interest agreement and the transactions contemplated under each of them.

The Acquisition was completed on 29 July 2013. The Company directly and indirectly holds an effective interest of 99% of the equity interest in Anchor.

Outlook

The Company's fire extinguisher products cover three categories, carbon dioxide, water-based, and dry powder, with 31 specifications in total. The wide product range offered by the Company can meet the diversified needs of the customers. In addition, the Company's fire extinguishers, for non-marine use are granted the Certificate for Product Type Approval by the CCCF and its fire extinguishers for marine use are granted the Certificates of Type Approval by the China Classification Society, Shanghai Branch ("CCS"). The Company's pressure cylinders have obtained the manufacture licence in the PRC and they meet the quality standards or requirements of the USA and the European Union. The high quality of the Company's products will enhance the competitiveness in the market.

上海鐵錨壓力容器(集團)有限公司 (Shanghai Anchor Pressure Vessel (Group) Co., Ltd.*) and its subsidiaries ("Anchor Group") possesses the Manufacture Licence of Special Equipment (特種設備製造許可證) for high-pressure vessels, seamless gas cylinders, welded gas cylinders, special gas cylinders, Category I pressure vessels, and Category II low and medium pressure vessels. Such licence is issued by the General Administration of Quality Supervision, Inspection and Quarantine (國家質量監督檢驗檢疫總局) and will expire on 24 March 2014. Anchor Group also holds the Manufacture Enterprise Licence of Medical Equipment (醫療器械生產企業許可證) for the manufacture of Category II gas equipment for medical use. Such licence is issued by Shanghai Food and Drug Administration (上海市食品藥品監督管理局) and will expire on 30 January 2016.

With the pressure vessel products of Anchor Group, such as boiler tubes, pressure cylinders for military use, medical use, and LPG or CNG cylinders for motor vehicles and through the acquisition, the Company will be able to expand its product range and diversify its pressure vessel business. Anchor Group also possesses some product permits, such as the Manufacture Enterprise Licence of Medical Equipment (醫療器械生產企業許可證) for the manufacture of Category II gas equipment for medical use, which will enable the Company to enter into the new market.

Future Plan

Measures have been and will be implemented continuously to improve the operation efficiency and to control production costs. Production will be more focused on higher-margin fire extinguishers and aluminum pressure cylinders and production of lower-margin steel pressure cylinders will be reduced to raise the overall profit margin of the Company. The Company also intend to improve the profitability of Anchor Group by increasing the operation efficiency and reducing the overhead expenses.

The Company entered into a sales framework agreement with independent third parties Jiangshan Yinjian Fire Prevention Complete Set of Equipment Co., Ltd. (江山市銀劍消防成套設備有限公司) (“Yinjian”) and Shanghai Lianmin Fire-Fighting Equipment Co., Ltd. (上海聯閃消防設備有限公司) (“Lianmin”) in November 2012 (the “Framework Agreement”). The term of the Framework Agreement commenced from the date of signing to 31 December 2015. According to the Framework Agreement, Yinjian commissioned the Company to design and develop iron casted grooved couplings for fire protection pipes (消防管道鑄鐵溝槽件) and the Company shall be the exclusive supplier of those grooved couplings to Yinjian and Lianmin. The Company can sell the grooved couplings to other third parties in addition to Yinjian and Lianmin.

The Company has extended processing agreement with Shanghai Hurong Fire Equipment Co., Ltd. (上海市滬榮消防器材有限公司) (“Hurong”) and sales orders of aluminum alloy cylinders with Shanghai Congfa Industrial Co., Ltd. (上海叢發實業有限公司) (“Congfa”) until February 2016 and December 2013 respectively.

The Company will focus more resources on the regions with high demand for its products in the PRC, such as Shanghai, Zhejiang, Jiangsu, and Guangdong.

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

As at 30 June 2013, 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	Approximate percentage of total issued share capital
Mr. Zhou Jin Hui (<i>Note 1</i>)	Held by controlled corporation	133,170,000	71.05%

Note:

1. Liancheng Fire-Fighting Group Company Limited holds 131,870,000 domestic shares of the Company. Liancheng Fire Protection Group (Hong Kong) Company Limited, a 100% subsidiary of Liancheng Fire-Fighting Group Company Limited, holds 1,300,000 H shares of the Company. Zhejiang Hengtai Real Estate Joint Stock Co., Ltd. owns 70% of Liancheng Fire-Fighting Group Company Limited and Mr. Zhou Jin Hui owns 58% of Zhejiang Hengtai Real Estate Joint Stock Co., Ltd. Accordingly, Mr. Zhou Jin Hui was deemed to be interested in 131,870,000 domestic shares and 1,300,000 H shares in the Company.

Liancheng Fire-Fighting Group Company Limited is owned as to 80% by Hengtai Real Estate, 20% by Mr Zhou Jin Hui.

Save as disclosed above, as at 30 June 2013, 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 IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2013, the following persons, other than Directors and supervisors of the Company, had an interest and a short position 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
Liancheng Fire-Fighting Group Company Limited	Beneficial owner	131,870,000 (Note 1)	70.36%
	Held by controlled corporation	1,300,000 (Note 2)	0.69%
Zhejiang Hengtai Real Estate Joint Stock Co., Ltd.	Held by controlled corporation	131,870,000 (Note 1)	70.36%
	Held by controlled corporation	1,300,000 (Note 2)	0.69%
Mr. Zhou Jin Hui	Held by controlled corporation	131,870,000 (Note 1)	70.36%
	Held by controlled corporation	1,300,000 (Note 2)	0.69%
Victory Investment China Group Ltd.	Beneficial owner	16,628,000	8.87%
Chu Yuet Wah	Held by controlled corporation	16,628,000 (Note 3)	8.87%
Best Forth Limited	Held by controlled corporation	16,628,000 (Note 3)	8.87%
Ample Cheer Limited	Held by controlled corporation	16,628,000 (Note 3)	8.87%
Kingston Finance Limited	Person having a security interest in shares	16,628,000 (Note 3)	8.87%

Notes:

1. All represented domestic shares of the Company.
2. Liancheng Fire-Fighting Group Company Limited holds 131,870,000 domestic shares of the Company. Liancheng Fire Protection Group (Hong Kong) Company Limited, a 100% subsidiary of Liancheng Fire-Fighting Group Company Limited, holds 1,300,000 H shares of the Company. Zhejiang Hengtai Real Estate Joint Stock Co., Ltd. owns 70% of Liancheng Fire-Fighting Group Company Limited and Mr. Zhou Jin Hui owns 58% of Zhejiang Hengtai Real Estate Joint Stock Co., Ltd. Accordingly, Zhejiang Hengtai Real Estate Joint Stock Co., Ltd. and Mr. Zhou Jin Hui were deemed to be interested in 87,534,735 shares in the Company.

Liancheng Fire-Fighting Group Company Limited is owned as to 80% by Hengtai Real Estate, 20% by Mr Zhou Jin Hui.

3. Kingston Finance Limited has a security interest in 16,628,000 H Shares of the Company. Ample Cheer Limited, 80% shares of which are held by Best Forth Limited, holds 100% of Kingston Finance Limited. Chu Yuet Wah holds 100% of Best Forth Limited.

Save as disclosed above, the Company has not been notified of any other person had relevant interests representing 5 percent or more in the issued shares capital of the Company as at 30 June 2013.

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 person who were Directors or supervisors of the Company during the six months ended 30 June 2013 had a material interest, whether directly or indirectly, subsisted at 30 June 2013 or at any time during the six months ended 30 June 2013.

EMPLOYEES

As at 30 June 2013, the Group had 139 employees (30 June 2012: 181 employees). Remuneration is determined by reference to market terms and the performance, qualifications, and experience of individual employee. Other benefits include contributions to retirement scheme.

Under relevant local government regulations, the Company is required to make contributions to a defined contribution retirement scheme for all qualified employees in the PRC. The Company has, in compliance with relevant local government regulations, made payment for such scheme during the year. The Company has no obligation for the payment of other retirement and non-retirement benefits of employees other than the contributions described above.

The Company has not experienced any significant labour disputes or strikes which have led to the disruption of its normal business operations. The Directors consider that the Company's relationship with its employees to be good.

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

During the six months ended 30 June 2013, the Company did not purchase, sell or redeem any of the Company's listed securities.

DIVIDENDS

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2013 (six months ended 30 June 2012: Nil).

CORPORATE GOVERNANCE

Pursuant to rule 18.44(2) and Appendix 16 of the GEM Listing Rules, the Company hereby 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 procedure, (ii) the improvement in transparency of information disclosure 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 established an audit committee (the “Audit Committee”) 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 six months ended 30 June 2013.

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

Hong Kong, 9 August 2013

As at the date of this report, the executive Directors are Mr. Zhou Jin Hui (Chairman), Mr. Gong Xu Lin and Mr. Shen Jian Zhong; the non-executive Directors are Ms. Chai Xiao Fang and Ms. Wang Xiang; and the independent non-executive Directors are Mr. Wang Guo Zhong, Mr. Yang Chun Bao and Mr. Zhang Cheng Ying.