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 2014

* *For identification purpose only*

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QUARTERLY RESULTS (UNAUDITED)

The Board of Directors (the "Board") of Shanghai Qingpu Fire-Fighting Equipment Co., Ltd. (the "Company", and together with its subsidiaries, collectively the "Group") is pleased to announce the unaudited results of the Group for the three months ended 31 March 2014 together with the unaudited comparative figures for the corresponding period in 2013, as follows:

		Unaudited Three months ended 31 March	
		2014	2013
	Notes	***RMB'000***	*RMB'000*
			(Restated)
Revenue	*3*	**37,880**	29,261
Cost of sales		**(30,667)**	(23,608)
Gross profit		**7,213**	5,653
Other income and gains	*3*	**353**	741
Selling and distribution expenses		**(756)**	(946)
Administrative expenses		**(3,810)**	(3,317)
Profit before tax		**3,000**	2,131
Income tax expense	*4*	**(587)**	(85)
Profit for the period and total comprehensive income for the period		**2,413**	2,046
Attributable to:			
Owners of the Company		**2,332**	1,952
Non-controlling interests		**81**	94
		2,413	2,046
Dividend	*6*	**–**	–
Profit per share (RMB)			
– Basic (cents)	*5*	**1.24**	1.04
– Diluted (cents)		**1.24**	1.04

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 pressure vessels (including fire-fighting equipment products and pressure vessels*);
- provision of fire technology inspection services;
- manufacture and trading of iron casted grooved couplings; and
- trading of sanitary-ware and other products.

In the opinion of the directors, the Company's immediate holding company is 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 (literally translated as "Zhejiang Hengtai Real Estate Company Limited", "Zhejiang Hengtai"), which is a limited liability company established in the PRC.

2.1 PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed financial statements of 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. The financial information has been prepared under the historical convention, except for investment properties which are measured at fair value.

The condensed financial statements for the three months ended 31 March 2014 are unaudited, but 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 Group's annual consolidated financial statements for the year ended 31 December 2013.

The Group has adopted certain new and revised IFRSs published by the IASB which are effective for up to the accounting year ending 31 December 2014:

IAS 32 Amendments	Amendments to IAS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Liabilities*
IAS 39 Amendments	Amendments to IAS 39 *Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting*
IFRS 10, IFRS 12 and IAS 27 (2011) Amendments	Amendments to IFRS 10, IFRS 12 and IAS 27 (2011) – *Investment Entities*
IFRIC 21	*Levies*

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.

2.2 ACQUISITION UNDER COMMON CONTROL

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 and Mr. Wang Sheng, 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 (collectively, the "Anchor Group"), 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 RMB 6 million (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.

The Acquisition is considered as a business combination under common control since the Group and the Anchor Group were under the common control of Liancheng both before and after the completion of the Acquisition.

Accordingly, the Group has applied merger accounting to account for the business combination under common control, and the Anchor Group has been combined since 11 April 2011, the earliest date the Anchor Group being controlled by Liancheng, as if the Acquisition had occurred at that time. No significant adjustments were made to the net assets and net profit of the Anchor Group as a result of the common control combination in order to align its accounting policies with the Group.

Due to the application of merger accounting for business combination under common control, which involves incorporating the unaudited condensed financial statement items of the Anchor Group in which the common control consolidation occurs as if they had been consolidated from the date when the combining entities or businesses first came under the control of the controlling party. Accordingly, the comparative unaudited condensed financial statements have been restated.

In addition, certain comparative amounts have been reclassified and restated to conform with the current period's presentation.

The Anchor Group was principally engaged in the manufacturing and sale of pressure vessels and trading of products.

The reconciliation of the effect arising from the common control combination on the unaudited condensed consolidated statement of profit or loss for the three months ended 31 March 2014 and 2013 and on the unaudited total equity as at 1 January 2013 are as follows:

Unaudited condensed consolidated statement of profit or loss
For the three months ended 31 March 2014

	Qingpu Group*	The Anchor Group	Adjustments#	The Group
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	**22,605**	**15,371**	**(96)**	**37,880**
Cost of sales	**(18,140)**	**(12,623)**	**96**	**(30,667)**
Gross profit	**4,465**	**2,748**	**–**	**7,213**
Other income and gains	**232**	**239**	**(118)**	**353**
Selling and distribution expenses	**(177)**	**(697)**	**118**	**(756)**
Administrative expenses	**(1,831)**	**(1,979)**	**–**	**(3,810)**
Profit before tax	**2,689**	**311**	**–**	**3,000**
Income tax expense	**(563)**	**(24)**	**–**	**(587)**
Profit for the period	**2,126**	**287**	**–**	**2,413**
Attributable to:				
Owners of the Company	**2,167**	**165**	**–**	**2,332**
Non-controlling interests	**77**	**4**	**–**	**81**
	2,244	**169**	**–**	**2,413**

* The Company and Liming are referred as the "Qingpu Group" for the purpose of disclosure in this note.

\# The adjustments represent the intra-group transactions between the Qingpu Group and the Anchor Group eliminated on consolidation under the merger accounting.

Unaudited condensed consolidated statement of profit or loss
For the three months ended 31 March 2013

	Qingpu Group* as previously reported RMB'000 (Unaudited)	The Anchor Group RMB'000 (Unaudited)	Adjustments# RMB'000 (Unaudited)	The Group as restated RMB'000 (Unaudited)
Revenue	11,957	17,304	–	29,261
Cost of sales	(8,951)	(14,657)	–	(23,608)
Gross profit	3,006	2,647	–	5,653
Other income and gains	523	305	(87)	741
Selling and distribution expenses	(173)	(860)	87	(946)
Administrative expenses	(1,313)	(2,004)	–	(3,317)
Profit before tax	2,043	88	–	2,131
Income tax expense	(45)	(40)	–	(85)
Profit for the period	1,998	48	–	2,046
Attributable to:				
Owners of the Company	1,924	28	–	1.952
Non-controlling interests	74	20	–	94
	1,998	48	–	2,046

* The Company and Liming are referred as the "Qingpu Group" for the purpose of disclosure in this note.

\# The adjustments represent the intra-group transactions between the Qingpu Group and the Anchor Group eliminated on consolidation under the merger accounting.

Unaudited total equity

As at 1 January 2013

	The Group* as previously reported *RMB'000*	The Anchor Group *RMB'000*	Adjustments for inter-group investment *RMB'000* (Unaudited)	The Group as restated *RMB'000* (Unaudited)
Equity				
Equity attributable to owners of the Company:				
Issued capital	18,743	70,000	(70,000)	18,743
Reserves	32,483	(43,930)	63,751	52,304
	51,226	26,070	(6,249)	71,047
Non-controlling interests	552	(1,145)	249	(344)
Total equity	51,778	24,925	(6,000)	70,703

* The Company and Liming are referred as the "Qingpu Group" for the purpose of disclosure in this note.

3. TURNOVER, 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 pressure vessels (including fire fighting equipment products and pressure vessels), provision of fire technology inspection services, manufacture and trading of iron casted grooved couplings and trading of sanitary-ware and other products, 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 31 March **2014** ***RMB'000***	 2013 *RMB'000* (Restated)
Revenue		
Sales of pressure vessels	**20,273**	22,773
Inspection service rendered	**1,718**	1,799
Trading of iron casted grooved couplings	**510**	2,787
Trading of sanitary-ware and other products	**15,379**	1,784
	37,880	29,143
Other income and gains		
Interest income	**50**	9
Gross rental income	**186**	652
Sales of scraps	**117**	80
	353	741
Total revenue, other income and gains	**38,233**	29,884

4. 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 (three months ended 31 March 2013: Nil).

PRC Enterprise Income Tax has been provided at 25% on the Group's estimated assessable profits for the period (three months ended 31 March 2013: 25% after offsetting against the tax losses brought forward from previous years).

	Unaudited Three months ended 31 March **2014** ***RMB'000***	 2013 *RMB'000* (Restated)
Current tax – PRC		
Provision for the period	**587**	85

The Group did not have any material unprovided deferred tax for the three months ended 31 March 2014 and 2013 as the temporary differences are immaterial.

5. PROFIT PER SHARE

The calculation of the basic profit per share for the three months ended 31 March 2014 is based on the profits attributable to equity holders of the Company of approximately RMB2,332,000 (three months ended 31 March 2013: approximately RMB1,952,000 (restated)), and on the number of 187,430,000 ordinary shares (31 March 2013: 187,430,000) in issue during the period.

No adjustment has been made to the basic earnings per share amounts for three months ended 31 March 2014 and 2013 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during those periods.

6. DIVIDEND

No dividend have been paid or declared by the Group during the three months ended 31 March 2014 (three months ended 31 March 2013: Nil).

7. EQUITY

	Attributable to owners of the Company									
	Share capital *RMB'000*	Share premium *RMB'000*	Capital reserve *RMB'000*	Statutory reserve fund *RMB'000*	Discretionary common reserve fund *RMB'000*	Asset revaluation reserve *RMB'000*	Accumulated losses *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
As at 1 January 2014	**18,743**	**10,910**	**43,655**	**5,870**	**1,500**	**11,299**	**(13,126)**	**78,851**	**(333)**	**78,518**
Profit for the period and total comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	**-**	**2,332**	**2,332**	**81**	**2,413**
As at 31 March 2014	**18,743**	**10,910**	**43,655**	**5,870**	**1,500**	**11,299**	**(10,794)**	**81,183**	**(252)**	**80,931**
As at 1 January 2013:										
– As previously reported	18,743	10,910	25,134	5,468	1,500	11,299	(21,828)	51,226	552	51,778
– Adjustment for business combination under common control	–	–	18,521	85	–	–	1,215	19,821	(896)	18,925
– As restated *(note 2.2)*	18,743	10,910	47,655	5,553	1,500	11,299	(20,613)	71,047	(344)	70,703
Profit for the period and total comprehensive income for the period, (restated)	–	–	–	–	–	–	1,952	1,952	94	2,046
As at 31 March 2013 (restated)	18,743	10,910	47,655	5,553	1,500	11,299	(18,661)	72,999	(250)	72,749

8. RELATED PARTY TRANSACTIONS

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 Three months ended 31 March	
	2014	2013
	RMB'000	*RMB'000*
		(Restated)
Commission expenses		
Shanghai J.S.X. International Trading Corporation*	**–**	87
Sales of goods		
Shanghai Petro-Chemical Fire-fighting Engineering Company Limited	**214**	295
Shanghai Lianhu Fire-fighting Equipment Company Limited	**1,248**	218
Special Cylinder*	**–**	118
	1,462	631

* Amount represented commission expenses/sales of goods by the Group during the period from 1 January 2013 to 31 March 2013. Shanghai J.S.X. International Trading Corporation and Special Cylinder have become subsidiaries of the Company since 29 July 2013. These transactions have been fully eliminated for the three months ended 31 March 2013 under the merger accounting treatment.

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.

BUSINESS AND FINANCIAL REVIEW

Turnover

The Group

For the three months ended 31 March 2014, the Group recorded a turnover of approximately RMB37,880,000 (three months ended 31 March 2013 (restated): RMB29,261,000), representing an increase of approximately 30% over the corresponding period of last year.

The Qingpu Group

For the three months ended 31 March 2014, the turnover increased from approximately RMB11,957,000 to RMB22,605,000, representing an increase of approximately 89% over the corresponding period of last year. The increase is a result of the efforts of the sales department of the Company including the commencement of trading of low profit margin products started from December 2013.

The Anchor Group

For the three months ended 31 March 2014, the turnover decreased from approximately RMB17,304,000 to RMB15,371,000, representing a decrease of approximately 11% over the corresponding period of last year. This is due to the decrease in trading of products.

Gross profit

The Group

For the three months ended 31 March 2014, the Group recorded overall gross profit of approximately RMB7,213,000 (three months ended 31 March 2013 (restated): RMB5,653,000). The gross profit ratio are approximately 19%.

The Qingpu Group

For the three months ended 31 March 2014, the gross profit increased from approximately RMB3,006,000 to RMB4,465,000. The gross margin decreased by 5 percentage points to 20% from 25% of corresponding period of last year. Such decrease was primarily attributable to an increase in turnover of trading of low profit margin products.

The Anchor Group

For the three months ended 31 March 2014, the gross profit increased from approximately RMB2,647,000 to RMB2,748,000. The gross margin increased by 3 percentage points to 18% from 15% of corresponding period of last year. This is due to decrease in lower gross margin trading of products in this period.

Other income and gains

The Group

Other income and gains for the three months ended 31 March 2014 decreased by approximately RMB388,000 from RMB741,000 (restated) for the three months ended 31 March 2013 to approximately RMB353,000.

The Qingpu Group

For the three months ended 31 March 2014, other income and gains decreased from approximately RMB523,000 to RMB232,000, representing a decrease of approximately 56% over the corresponding period of last year. This is mainly due to the termination of rental agreement and thus decrease in rental income.

The Anchor Group

For the three months ended 31 March 2014 and 2013, other income and gains before elimination are approximately RMB239,000 and RMB305,000, respectively, representing a decrease of approximately 22%. This is mainly due to better control on production and decrease in sales of scraps.

Selling and distribution expenses

The Group

For the three months ended 31 March 2014, the Group's selling and distribution expenses decreased to approximately RMB756,000 from RMB946,000 (restated), representing a decrease of 20% over the corresponding period of last year.

The Qingpu Group

For the three months ended 31 March 2014 and 31 March 2013, the selling and distribution expenses before elimination were RMB177,000 to RMB173,000, respectively. Due to tight control, there is no significant increase in selling and distribution expenses despite an increase in sales.

The Anchor Group

For the three months ended 31 March 2014, the selling and distribution cost decreased from approximately RMB860,000 to RMB697,000, representing a decrease of 19%. This is mainly due to the decrease in sales and better cost control on the expenses.

Administrative expenses

The Group

For the three months ended 31 March 2014, the Group's administrative expenses amounted to approximately RMB3,810,000 (three months ended 31 March 2013 (restated): RMB3,317,000), representing an increase of approximately 15% over the corresponding period of last year.

The Qingpu Group

For the three months ended 31 March 2014, the administrative expenses increased from approximately RMB1,313,000 to RMB1,831,000, representing an increase of 39%. This is mainly due to the increase in research and development cost on new products and increase in entertainment expenses to secure more orders on trading of products.

The Anchor Group

For the three months ended 31 March 2014 and 2013, administrative expenses are approximately RMB1,979,000 and RMB2,004,000, respectively.

Finance costs

No finance costs were recorded for the three months ended 31 March 2014 and 2013.

Profit for the period

For the three months ended 31 March 2014, the Group recorded profit for the period of approximately RMB2,413,000 (three months ended 31 March 2013 (restated): RMB2,046,000), representing an increase of approximately 18%, which was primary attributable to the commencement trading of low margin products in December 2013.

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 three months ended 31 March 2014 after offsetting against tax losses brought forward from previous years (three months ended 31 March 2013: 25%).

The effective tax rate of the Group is 20% and 4% for the three months ended 31 March 2014 and 2013, respectively. It is after offsetting against tax losses brought forward from previous years.

Non-controlling interests

For the three months ended 31 March 2014 and 2013, profit for the period attributable to non-controlling interests are approximately RMB81 and RMB94 (restated), respectively.

OUTLOOK

The Company's fire extinguisher products cover three categories, carbon dioxide, water-based, and dry powder. 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. Shanghai Anchor Pressure Vessel (Group) Co., Ltd. (上海鐵錨壓力容器(集團)有限公司) 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). 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. Because of tightened regulatory procedures, production of dry powder fire extinguisher in Shanghai Qingpu Fire Fighting Equipment Company Limited has been stopped on 16 March 2014. The renewal procedures of manufacturing licenses were completed in April 2014 and production of dry powder fire extinguisher is expected to be resumed in May 2014. There are no material impact on sales and production of the Group.

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, 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.

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 products and production of lower-margin products will be reduced to raise the overall profit margin of the Company. With the economic uncertainties in China in 2014, the Company intends to improve the profitability of the Group by increasing the operation efficiency and reducing the overhead expenses. Production in Shanghai Qingpu Fire Fighting Equipment Company Limited, Jiangshan Branch Company ("Jiangshan Branch") has stopped as part of overhead expenses reduction plan. The cessation of the Jiangshan Branch production did not and will not have a material impact on the business and operation of the Group.

LONG TERM STRATEGY

We believe that the Company, with our experienced management team, firm and clear development directions, the manufacturing of quality products and the provision of quality services, will be able to sharpen our competitive edge. The Company will continue to develop new market of high margin products/ businesses and also prudently consider acquiring relevant enterprises which possess sound profitability by way of capital increment in accordance with the relevant laws and regulations in order to accelerate the growth of our profitability so that the Company will become a major enterprise in the manufacturing and sale of fire-fighting equipment and relevant business in the PRC and overseas. The Group is also actively seeking for opportunity to consolidate production procedures and plants in order to further reduce overhead expenses and maximize production efficiency.

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

As at 31 March 2014, 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 *(Note 1)*	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 80% 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.

Save as disclosed above, as at 31 March 2014, 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 31 March 2014, the following persons (other than the Director and supervisors of the Company) have 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 issued 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%
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%

Note:

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 80% 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 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.

3. Kingston Finance Limited has a security interest in 16,628,000 H shares of the Company. Ample Cheer Limited, 80% of which is 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 relevant interests representing 5 percent or more in the issued shares capital of the Company as at 31 March 2014.

DIRECTORS' AND SUPERVISORS' INTERESTS IN CONTRACTS

To the best knowledge of the Board, save as disclosed in note 8 of this report, 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 and supervisors of the Company during the three months ended 31 March 2014 had a material interest, whether directly or indirectly, subsisted at 31 March 2014 or at any time during the three months ended 31 March 2014.

MATERIAL ACQUISITION

The Group did not have any material acquisitions during the three months ended 31 March 2014.

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

During the three months ended 31 March 2014, 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 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, namely Mr. Yang Chun Bao and Mr. Zhang Cheng Ying.

The Audit Committee has reviewed the Group's unaudited results for the three months ended 31 March 2014 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, 12 May 2014

As at the date of this report, the executive Directors are Mr. Zhou Jin Hui (Chairman), Mr. Shi Hui Xing and Mr. Shen Jian Zhong (Chief Executive Officer); 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.