



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 2010

* *For identification purpose only*

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

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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 2010 together with the unaudited comparative figures for the corresponding period in 2009, as follows:

UNAUDITED CONDENSED INCOME STATEMENT

		Three months ended 31 March	
	Notes	2010 RMB'000	2009 RMB'000
Turnover	3	4,782	3,713
Cost of sales		<u>(4,495)</u>	<u>(3,583)</u>
Gross profit		287	130
Other revenue and income	3	169	406
Provision for loss on financial guarantees		–	(168)
Reimbursement receivable for loss on financial guarantees		–	168
Impairment loss on reimbursement receivables for loss on financial guarantee		–	(335)
Distribution costs		(83)	(78)
Administrative expenses		<u>(842)</u>	<u>(1,142)</u>
Loss from operation		(469)	(1,019)
Finance costs	4	<u>(2)</u>	<u>(127)</u>
Loss before tax		(471)	(1,146)
Income tax	5	<u>–</u>	<u>–</u>
Loss for the period and total comprehensive loss for the period		<u><u>(471)</u></u>	<u><u>(1,146)</u></u>
Loss for the period and total comprehensive loss for the period attributable to owners of the Company		<u><u>(471)</u></u>	<u><u>(1,146)</u></u>
Dividend	6	<u><u>–</u></u>	<u><u>–</u></u>
Loss per share (RMB) – Basic (cents)		<u><u>(0.003)</u></u>	<u><u>(0,006)</u></u>

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.

The directors of the Company are of the opinion that the Company considered its immediate holding company be 聯城消防集團股份有限公司, a company established with limited liability in the PRC and its ultimate holding company be 浙江恒泰房地產有限公司, a company established with limited liability in the PRC.

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 2010 has 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 2009.

The Company has adopted certain new and revised IFRSs published by the IASB which are effective for up to the accounting year ended 31 December 2010:

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

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	
	2010	2009
	RMB'000	RMB'000
Turnover		
Sale of goods	4,782	3,713
Other revenue and income		
Sundry income	169	406
Total turnover, other revenue and income	<u>4,951</u>	<u>4,119</u>

4. FINANCE COSTS

	Unaudited	
	Three months ended	
	31 March	
	2010	2009
	RMB'000	RMB'000
Interest expenses on bank loans wholly repayable within 5 years	–	125
Exchange losses	–	–
Others	2	2
	<u>2</u>	<u>127</u>

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 (2009: 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 (2009: Nil).

6. DIVIDENDS

The directors do not recommend the payment of any dividend for the three months ended 31 March 2010 (2009: 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>	Retained earnings <i>RMB'000</i>	Total <i>RMB'000</i>
<i>31 March 2010</i>							
As at 1 January 2010	18,743	10,910	(1,733)	3,734	1,500	(62,820)	(29,666)
Total comprehensive loss for the period	—	—	—	—	—	(471)	(471)
As at 31 March 2010	<u>18,743</u>	<u>10,910</u>	<u>(1,733)</u>	<u>3,734</u>	<u>1,500</u>	<u>(63,291)</u>	<u>(30,137)</u>
<i>31 March 2009</i>							
As at 1 January 2009	18,743	10,910	(1,733)	3,734	1,500	(69,015)	(35,861)
Total comprehensive loss for the period	—	—	—	—	—	(1,146)	(1,146)
As at 31 March 2009	<u>18,743</u>	<u>10,910</u>	<u>(1,733)</u>	<u>3,734</u>	<u>1,500</u>	<u>(70,161)</u>	<u>(37,007)</u>

BUSINESS AND FINANCIAL REVIEW

Turnover

For the three months ended 31 March 2010, the Company recorded a turnover of approximately RMB4,782,000 (for the three months ended 31 March 2009: RMB3,713,000), representing an increase of approximately 28.79% over the corresponding period of last year. As the economy began to recover, more orders were placed to the sales department of the Company.

Cost of sales

For the three months ended 31 March 2010, the Company's cost of sales amounted to approximately RMB4,495,000 (for the three months ended 31 March 2009: RMB3,583,000), representing a decrease of approximately 25.45% over the corresponding period of last year. The decrease was attributable to the corresponding increase in turnover.

Gross profit

For the three months ended 31 March 2010, the Company recorded overall gross profit of approximately RMB287,000 (for the three months ended 31 March 2009: gross profit of approximately RMB130,000), representing an increase of approximately 120.77% over the corresponding period of last year. The increase was primarily attributable to the increase in turnover with the improved control on cost of sales.

Other revenue and income

For the three months ended 31 March 2010, other revenue and income reached approximately RMB169,000 (for the three months ended 31 March 2009: RMB406,000). Other revenue and income for the three months ended 31 March 2010 was primarily comprised revenue from the sales of waste amounting to RMB93,000 (for the three months ended 31 March 2009: RMB363,000).

Distribution costs

For the three months ended 31 March 2010, the Company generated distribution costs of approximately RMB83,000, representing an increase of approximately 6.41% over the corresponding period of last year. The increase in distribution costs was primarily due to the lift in turnover as well as the increase in commission fees and transportation expenses.

Administrative expenses

For the three months ended 31 March 2010, the Company's administrative expenses amounted to approximately RMB842,000 (for the three months ended 31 March 2009: RMB1,142,000), representing a decrease of approximately 26.27% over the corresponding period of last year. The decrease was attributable to the decrease in wages.

Finance costs

Finance costs reached RMB2,000, representing a decrease of 98.43% over the corresponding period of last year.

Loss for the period

For the three months ended 31 March 2010, the Company recorded loss for the period of approximately RMB471,000 (for the three months ended 31 March 2009: loss for the period RMB1,146,000). Such change indicates that the Company's results have improved by approximately RMB675,000 over the corresponding period of year 2009.

Income tax

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

As the Company recorded loss for the three months ended 31 March 2010, 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 2010, 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%
Mr. Rao Jun Xi (<i>Note 2</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 90% 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
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 90% of Liancheng Fire-Fighting Group Company Limited and Mr. Rao Jun Xi owns 3% of Zhejiang Hengtai Real Estate Joint Stock Co., Ltd. Accordingly, Mr. Rao Jun Xi 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 2010, 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 2010, 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
Liancheng Fire-Fighting Group Company Limited	Beneficial owner	131,870,000 <i>(Note 1)</i>	70.36%
	Held by controlled corporation	1,300,000	0.69%
Zhejiang Hengtai Real estate Joint Stock Co., Ltd. <i>(Note 2)</i>	Held by controlled corporation	133,170,000	71.05%
Mr. Zhou Jin Hui <i>(Note 2)</i>	Held by controlled corporation	133,170,000	71.05%
Mr. Rao Jun Xi <i>(Note 3)</i>	Held by controlled corporation	133,170,000	71.05%
Victory Investment China Group Ltd.	Beneficial owner	16,628,000	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 90% 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.
3. 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 90% of Liancheng Fire-Fighting Group Company Limited and Mr. Rao Jun Xi owns 3% of Zhejiang Hengtai Real Estate Joint Stock Co., Ltd. Accordingly, Mr. Rao Jun Xi was deemed to be interested in 131,870,000 domestic shares and 1,300,000 H shares in the Company.

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 2010.

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 2010 had a material interest, whether directly or indirectly, subsisted at 31 March 2010 or at any time during the 3 months ended 31 March 2010.

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

During the 3 months ended 31 March 2010, 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 2010 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.