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 2007

* *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") is pleased to announce the unaudited results of the Company for the six months ended 30 June 2007. For the six months ended 30 June 2007, the unaudited turnover is approximately RMB22,324,000, representing an increase of approximately RMB2,242,000 or approximately 11.16% as compared with that of the same period in 2006. The unaudited net loss of the Company for the six months ended 30 June 2007 is approximately RMB1,401,000 representing a decrease of approximately 15.12% as compared with the corresponding period in 2006.

The unaudited condensed financial statements of the Company as of and for the three months and six months ended 30 June 2007 together with the unaudited comparative figures for the corresponding period in 2006 ("the Relevant Periods") are as follows:

UNAUDITED CONDENSED INCOME STATEMENT

		Three months ended 30 June		Six months ended 30 June	
		2007	2006	**2007**	2006
	Notes	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Turnover	*3*	**11,287**	12,030	**22,324**	20,082
Cost of sales		**(10,451)**	(10,177)	**(20,174)**	(17,668)
Gross profits		**836**	1,853	**2,150**	2,414
Other revenue and income	*3*	**186**	53	**377**	106
Provision for loss on financial guarantees		**(222)**	–	**(444)**	–
Reimbursement receivable for loss on financial guarantees		**222**	–	**444**	–
Impairment loss on reimbursement receivables for loss on financial guarantee		**(413)**	–	**(413)**	–
Distribution costs		**(112)**	(791)	**(266)**	(1,348)
Administrative expenses		**(1,685)**	(1,052)	**(2,972)**	(2,006)
Profit/(loss) from operation		**(1,188)**	63	**(1,124)**	(834)
Finance costs	*7*	**(132)**	(170)	**(277)**	(383)
Loss before tax	*6*	**(1,320)**	(107)	**(1,401)**	(1,217)
Income tax	*8*	**–**	–	**–**	–
Loss for the period and total comprehensive loss for the period		**(1,320)**	(107)	**(1,401)**	(1,217)
Loss for the period and total comprehensive loss for the period attributable to owners of the Company		**(1,320)**	(107)	**(1,401)**	(1,217)
Dividend	*9*	**–**	–	**–**	–
Loss per share (RMB)					
– Basic (cents)	*10*	**(0.007)**	(0.001)	**(0.007)**	(0.006)

CONDENSED BALANCE SHEET

	Notes	**Unaudited As at 30 June 2007 *RMB'000***	Unaudited As at 31 December 2006 *RMB'000*
NON-CURRENT ASSETS			
Lease premium for land	*11*	**771**	780
Property, plant and equipment		**19,299**	20,495
Total non-current assets		**20,070**	21,275
CURRENT ASSETS			
Inventories		**6,455**	6,976
Trade receivables	*12*	**12,776**	13,624
Lease premiums for land	*11*	**18**	18
Prepayments, deposits and other receivables		**970**	3,608
Loans receivable due from former controlling shareholder		**20,743**	26,939
Reimbursement receivables for loss on financial guarantees		**12,290**	11,816
Cash and cash equivalents		**673**	681
Total current assets		**53,925**	63,662
CURRENT LIABILITIES			
Bank loans		**36,533**	41,480
Trade payables	*13*	**12,319**	16,281
Other payables and accruals		**42,034**	44,133
Due to related companies		**2,652**	1,080
Total current liabilities		**93,538**	102,974
NET CURRENT LIABILITIES		**(39,613)**	(39,312)
TOTAL ASSETS LESS CURRENT LIABILITIES		**(19,543)**	(18,037)
NON-CURRENT LIABILITIES			
Deferred revenue		**(311)**	(416)
Net liabilities		**(19,854)**	(18,453)
EQUITY			
Share capital	*14*	**18,743**	18,743
Reserves		**(38,597)**	(37,196)
CAPITAL DEFICIENCY		**(19,854)**	(18,453)

UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Capital reserve	Statutory reserve fund	Discretionary common reserve fund	(Accumulated losses)/ retained earnings	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Six months ended 30 June 2007							
As at 1 January 2007	**18,743**	**10,910**	**(2,149)**	**3,734**	**1,500**	**(51,191)**	**(18,453)**
Total comprehensive loss for the period	**–**	**–**	**–**	**–**	**–**	**(1,401)**	**(1,401)**
Appropriation	**–**	**–**	**104**	**–**	**–**	**(104)**	**–**
As at 30 June 2007	**18,743**	**10,910**	**(2,045)**	**3,734**	**1,500**	**(52,696)**	**(19,854)**
Six months ended 30 June 2006							
As at 1 January 2006	18,743	10,910	(2,356)	3,734	1,500	5,322	37,853
Total comprehensive loss for the period	–	–	–	–	–	(1,217)	(1,217)
Appropriation	–	–	104	–	–	(104)	–
As at 30 June 2006	18,743	10,910	(2,252)	3,734	1,500	4,001	36,636

UNAUDITED CONDENSED CASH FLOW STATEMENT

	Six months ended 30 June	
	2007	2006
	RMB'000	*RMB'000*
Net cash (used in)/generated from operating activities	**(823)**	385
Net cash generated from/(used in) investing activities	**40**	(274)
Net cash generated from/(used in) financing activities	**775**	(498)
Net decrease in cash and cash equivalents	**(8)**	(387)
Cash and cash equivalents, at beginning of period	**681**	790
Cash and cash equivalents, at end of period	**673**	403

Notes:

1. GENERAL

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 and pressure cylinders.

2. PRINCIPAL ACCOUNTING POLICIES

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

The condensed financial statements for the three months and six months ended 30 June 2007 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 Company's annual financial statements for the year ended 31 December 2006.

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

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 and Interpretations have not had any significant impact on the results for the current or prior accounting periods and, accordingly, no prior period adjustment has been required.

3. TURNOVER, OTHER REVENUE AND INCOME

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

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

	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	2007	2006	**2007**	2006
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Turnover				
Sales of goods	**11,287**	12,030	**22,324**	20,082
Other revenue and income				
Interest income	**–**	1	**1**	2
Sundry income	**186**	52	**376**	104
	186	53	**377**	106
Total turnover, other revenue and income	**11,473**	12,083	**22,701**	20,188

4. SEGMENT INFORMATION

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

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

	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	2007	2006	**2007**	2006
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
PRC other than Hong Kong	**11,287**	10,224	**22,324**	17,413
Hong Kong	**–**	674	**–**	1,553
Europe	**–**	879	**–**	863
Others	**–**	253	**–**	253
	11,287	12,030	**22,324**	20,082

5. SUBSIDY INCOME

	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	2007	2006	**2007**	2006
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Amortization of government grant received relating to purchase of plant and equipment, included in sundry income *(note 3)*	**52**	52	**104**	104

6. LOSS BEFORE TAX

The Company's loss before tax, is arrived at after charging the following items:

	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	2007	2006	**2007**	2006
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Amortization of lease premium for land	**4**	4	**9**	9
Depreciation on property, plant and equipment	**571**	352	**1,157**	703
Impairment loss on reimbursement receivables for loss on financial guarantees	**413**	–	**413**	–
Repair and maintenance expenditures	**565**	–	**841**	–
Operating lease rentals for land and buildings	**66**	62	**127**	123
Staff costs	**727**	642	**1,366**	2,960
Auditors' remuneration	**–**	283	**–**	283

7. FINANCE COSTS

	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	2007	2006	**2007**	2006
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Interest on bank borrowings wholly repayable within 5 years	**130**	169	**270**	312
Exchange loss	**–**	–	**–**	68
Others	**2**	1	**7**	3
	132	170	**277**	383

8. INCOME TAX

Pursuant to the relevant PRC tax regulations, High and New Technology Enterprises ("HNTE") operating within a designated High and New Technology Development Zone ("HNTDZ") are entitled to a reduced Enterprise Income Tax ("EIT") rate of 15%. The certification as a HNTE is subject to an annual review by the relevant government bodies.

The Company is subject to the Income Tax Law of the PRC and the normal EIT rate applicable is 33%. As the Company is recognized as a HNTE and is operating and registered in the designated HNTDZ, it is entitled to a reduced EIT rate of 15%. Accordingly, the Company is subject to EIT at a rate of 15%.

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

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

9. DIVIDEND

The directors do not recommend the payment of any dividend for the six months ended 30 June 2007 (2006: Nil) in view of loss for the period.

10. LOSS PER SHARE

The calculation of the loss per share for the six months ended 30 June 2007 is based on the loss attributable to equity holders of the Company of RMB1,401,000 (six months ended 30 June 2006: RMB1,217,000), and the weighted average number of approximately 187,430,000 ordinary shares (30 June 2006: 187,430,000) in issue during the period.

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

11. LEASE PREMIUM FOR LAND

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

	Unaudited 30 June 2007 *RMB'000*	Unaudited 31 December 2006 *RMB'000*
Net book value as at 30 June and 31 December	**789**	798
Current portion that must be amortized within one year	**(18)**	(18)
	771	780

12. TRADE RECEIVABLES

	Unaudited 30 June 2007 *RMB'000*	Unaudited 31 December 2006 *RMB'000*
Trade receivables	**12,776**	13,624
Less: allowance for doubtful debts	**–**	–
	12,776	13,624

The Company's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally two to three months, extending up to three to four months for overseas customers. Each customer has a maximum credit limit. The Company 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 Company'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.

Details of the ageing analysis are as follows:

	Unaudited 30 June 2007 *RMB'000*	Unaudited 31 December 2006 *RMB'000*
Within 30 days	**2,415**	2,472
31 – 60 days	**429**	445
61 – 90 days	**346**	199
Over 90 days	**9,586**	10,508
	12,776	13,624

The movements in the allowance account for doubtful debts:

	Unaudited 30 June 2007 *RMB'000*	Unaudited 31 December 2006 *RMB'000*
At 1 January	**–**	10,708
Reversal of impairment loss	**–**	(842)
Uncollectible amount written off	**–**	(9,866)
	–	–

The aged analysis of trade receivables that are neither individually nor collectively considered to be impaired is as follows:

	Unaudited 30 June 2007 *RMB'000*	Unaudited 31 December 2006 *RMB'000*
Neither past due nor impaired	**3,190**	3,116
Less than 1 month past due	**547**	445
1 to 3 months past due	**2,430**	257
More than 3 months past due	**6,609**	9,806
	12,776	13,624

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 Company. 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 Company does not hold any collateral or other credit enhancements over these balances.

13. TRADE PAYABLES

Details of the ageing analysis are as follows:

	Unaudited 30 June 2007 *RMB'000*	Unaudited 31 December 2006 *RMB'000*
Within 30 days	**3,755**	4,223
31 – 60 days	**2,441**	2,810
61 – 90 days	**1,228**	1,430
Over 90 days	**4,895**	7,818
	12,319	16,281

14. SHARE CAPITAL

Registered, issued and fully paid

	Number of shares	**Ordinary shares of RMB0.1 each** *RMB'000*
As at 30 June 2007 and 31 December 2006	187,430,000	18,743

15. CAPITAL RESERVE

	Unaudited		
	Government grant received capitalized as share capital in the PRC GAAP financial statements *RMB'000* *Note (a)*	**Reversal of revaluation surplus of property, plant and equipment** *RMB'000* *Note (b)*	**Total** *RMB'000*
Six months ended 30 June 2007			
Balance at 1 January 2007	**(416)**	**(1,733)**	**(2,149)**
Appropriation	**104**	**–**	**104**
Balance at 30 June 2007	**(312)**	**(1,733)**	**(2,045)**
Six months ended 30 June 2006			
Balance at 1 January 2006	(623)	(1,733)	(2,356)
Appropriation	104	–	104
Balance at 30 June 2006	(519)	(1,733)	(2,252)

(a) The deferred government grant of approximately RMB1,869,000 for purchase of plant and equipment. In accordance with PRC accounting regulations, this government grant was recorded as capital reserve when received, which had been subsequently capitalized as the Company's issued share capital in 2000 as described above. Under IFRS, this government grant was deferred and credited to the income statement on a straight-line basis over the average useful life of the related assets. An amount of approximately RMB208,000, which is equal to the annual amortization of this deferred revenue, is appropriated from its annual net profit after taxation under IFRS to capital reserve as this income is not distributable. As a consequence, a net deficit in capital reserve of approximately RMB416,000 arose in the Company's financial statements prepared under IFRS as at 1 January 2007 in this respect.

(b) In connection with a transfer of equity capital between investors of Shanghai Qingpu Fire-Fighting Equipment Factory in 1996, the Company's property, plant and equipment was revalued, and a revaluation surplus of approximately RMB1,733,000 was recorded as paid-in capital in its PRC GAAP financial statements. In the Company's financial statements prepared under IFRS, all property, plant and equipment was stated at historical cost. Accordingly, an adjustment of the same amount was recorded as a deficit of capital reserve.

16. OPERATING LEASE COMMITMENTS

As at 30 June 2007, the total future minimum lease payments in respect of non-cancelable operating leases for land and buildings are as follows:

	Unaudited At 30 June 2007 *RMB'000*	Unaudited At 31 December 2006 *RMB'000*
Within one year	**225**	246
Over one year but within 5 years	**102**	204
	327	450

BUSINESS AND FINANCIAL REVIEW

Turnover

For the six months ended 30 June 2007, the Company recorded a turnover of approximately RMB22,324,000 (for the six months ended 30 June 2006: RMB20,082,000), representing an increase of approximately 11.16% over the corresponding period of last year. With the PRC's policy of continuously strengthening and enforcing laws and regulations in respect of fire prevention and fighting, the demand for fire prevention and fighting system continues to grow.

Cost of sales and gross profit

For the six months ended 30 June 2007, the Company's cost of sales amounted to approximately RMB20,174,000 (for the six months ended 30 June 2006: RMB17,668,000), representing an increase of approximately 14.18% over the corresponding period of last year. The Company's cost of sales primarily comprised the costs of raw materials (especially steel pipes) and labour.

For the six months ended 30 June 2007, the Company recorded an overall gross profit of approximately RMB2,150,000 (for the six months ended 30 June 2006: gross profit of approximately RMB2,414,000), representing a decrease of approximately 10.94% over the corresponding period of last year. The decrease was primarily attributable to the rise in costs, especially that of raw materials.

Other revenue and income

For the six months ended 30 June 2007, other revenue and income reached approximately RMB377,000 (for the six months ended 30 June 2006: RMB106,000). Other revenue and income for the six months ended 30 June 2007 primarily comprised revenues from the sales of waste amounting to RMB257,000, while that for the six months ended 30 June 2006 primarily comprised the amortization of government subsidy for the Company's machinery purchase amounting to approximately RMB104,000.

Distribution costs

For the six months ended 30 June 2007, the Company generated distribution costs of approximately RMB266,000, representing a decrease of approximately 80.27% over the corresponding period of last year. The significant decrease in distribution costs was primarily due to the slump of commission fees and export expenses.

Administrative expenses

For the six months ended 30 June 2007, the Company's administrative expenses amounted to approximately RMB2,972,000 (for the six months ended 30 June 2006: RMB2,006,000), representing an increase of approximately 48.16% over the corresponding period of last year. The increase was due to the rise in cost of sales, which in turn resulted in an increase in administrative expenses including maintenance expenses.

Finance costs

Finance costs reached RMB277,000, representing a decrease of 27.68% over the corresponding period of last year.

Other costs

On 30 June 2007, the Company conducted an impairment evaluation on the recoverable amount of loss on financial guarantee receivables and an impairment of approximately RMB413,000 was made.

Loss for the period

For the six months ended 30 June 2007, the Company recorded a loss for the period of approximately RMB1,401,000 (for the six months ended 30 June 2006: loss for the period of RMB1,217,000). Such change indicates that the Company's loss has increased by approximately RMB184,000 over the corresponding period of 2006.

Income tax

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

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

As the Company recorded loss for the six months ended 30 June 2007, no EIT was charged.

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

Net current asset

As at 30 June 2007, the Company has net current liabilities of approximately RMB39,613,000, based on which, the current ratio was 0.58 (31 December 2006: 0.62). The net current liabilities decreased from RMB102,974,000 on 31 December 2006 to RMB93,538,000 in 2007. Current assets as at that date mainly comprised inventories of approximately RMB6,455,000, accounts receivables of approximately RMB12,776,000, current land use right of approximately RMB18,000, prepayments, deposits and other receivables of approximately RMB970,000, borrowings receivables from former controlling shareholders of approximately RMB20,743,000, financial guarantee loss receivables of approximately RMB12,290,000 and cash and bank deposits of approximately RMB673,000. Current liabilities mainly comprised trade payables of approximately RMB12,319,000, other payables and accrued charges of approximately RMB42,034,000, amounts due to related companies of approximately RMB2,652,000 and short-term bank loans of approximately RMB36,533,000.

Borrowings and banking facilities

As at 30 June 2007, the Company had short-term borrowings of RMB36,533,000 (31 December 2006: RMB41,480,000). Short-term borrowings of RMB36,533,000 were borrowed from the relevant banks by former chairman Mr. Jiang Zi Qiang in the name of the Company for former controlling shareholder Shanghai Huasheng Enterprises (Group) Company Limited. Partial repayment of such bank borrowings has been made by Shanghai Huasheng Enterprises (Group) Company Limited and its subsidiaries.

Gearing ratio

The Company's gearing ratio as at 30 June 2007 was 49.37% (31 December 2006: 48.84%), which was expressed as a percentage of total bank borrowings over total assets.

Capital structure and financial resources

As at 30 June 2007, the Company had net liabilities of approximately RMB19,854,000. The Company's operations and investments are financed principally by bank borrowings, shareholders' borrowings and shareholders' equity.

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 30 June 2007, the interests and short positions of the Directors and supervisors of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the minimum standards of dealing by directors as referred to in Rule 5.46 of the Rules Governing the Listing of Securities on the GEM (the "GEM Listing Rules"), were as follows:

Long positions in shares of the Company

Name	**Capacity**	**Number of shares** *(Note 2)*	**Approximate percentage of total issued share capital**
Mr. Jiang Zi Qiang	Held by controlled corporation *(Note 1)*	63,300,000	33.77%
Mr. Li Zheng Li	Beneficial owner	14,070,000	7.51%
Mr. Jiang Zhou	Beneficial owner	13,190,000	7.04%
Ms. Li Min Zhi	Beneficial owner	12,620,000	6.73%
Mr. Tang Heng Yi	Beneficial owner	11,870,000	6.33%

Note:

1. Mr. Jiang Zi Qiang was deemed to be interested in 63,300,000 shares through his controlling interest in Shanghai Huasheng Enterprises (Group) Company Limited.

2. All represented domestic shares of the Company.

Save as disclosed above, as at 30 June 2007, none of the Directors and supervisors of the Company has any interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the minimum standards of dealing by directors as referred to in Rule 5.46 of the GEM Listing Rules.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2007, the following person (other than the Director and supervisors of the Company) has any interests and short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

Long positions in shares of the Company

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

Notes:

1. All represented domestic shares of the Company.

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

Save as disclosed above, the Company has not been notified of any other relevant interests representing 5 percent or more in the issued shares capital of the Company as at 30 June 2007.

DIRECTORS' AND SUPERVISORS' INTERESTS IN CONTRACTS

To the best knowledge of the Board, no contracts of significance in relation to the Company's business to which the Company was a party and in which any persons who were Directors or supervisors of the Company during the 6 months ended 30 June 2007 had a material interest, whether directly or indirectly, subsisted at 30 June 2007 or at any time during the 6 months ended 30 June 2007.

EMPLOYEES

As at 30 June 2007, the Company had 292 employees (30 June 2006: 221 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 6 months ended 30 June 2007, the Company did not purchase, sell or redeem any of the Company's listed securities.

CORPORATE GOVERNANCE

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

(1) Corporate Governance Practices

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

(2) Directors' Securities Transactions

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

AUDIT COMMITTEE

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

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

The Audit Committee has reviewed the Group's unaudited results for the 6 months ended 30 June 2007 and has provided advice and comments thereon.

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

Hong Kong, 3 December 2010

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