



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)

THIRD QUARTERLY REPORT 2007

* *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”) is pleased to announce the unaudited results of the Company for the nine months ended 30 September 2007 together with the unaudited comparative figures for the corresponding period in 2006, as follows:

	<i>Notes</i>	Unaudited nine months ended 30 September 2007		Unaudited three months ended 30 September 2007	
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Turnover	3	31,676	31,946	9,352	11,864
Cost of sales		(29,212)	(28,155)	(9,038)	(10,487)
Gross profit		2,464	3,791	314	1,377
Other revenue and income	3	686	158	309	52
Provision for loss on financial guarantees		(666)	–	(222)	–
Reimbursement receivable for loss on financial guarantees		666	–	222	–
Impairment loss on reimbursement receivables for loss on financial guarantee		(413)	–	–	–
Distribution costs		(409)	(1,859)	(143)	(511)
Administrative expenses		(4,399)	(2,793)	(1,427)	(787)
(Loss)/profit from operation		(2,071)	(703)	(947)	131
Finance costs	4	(408)	(603)	(131)	(220)
Loss before tax		(2,479)	(1,306)	(1,078)	(89)
Income tax	5	–	–	–	–
Loss for the period and total comprehensive loss for the period		(2,479)	(1,306)	(1,078)	(89)

		Unaudited nine months ended 30 September		Unaudited three months ended 30 September	
		2007	2006	2007	2006
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Loss for the period and total comprehensive loss for the period attributable to owners of the Company		<u>(2,479)</u>	<u>(1,306)</u>	<u>(1,078)</u>	<u>(89)</u>
Dividend	7	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Loss per share (RMB) – Basic (cents)	6	<u>(0.013)</u>	<u>(0.007)</u>	<u>(0.006)</u>	<u>(0.001)</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.

2. BASIS OF PREPARATION AND 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 nine months ended 30 September 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:

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

The adoption of these IFRSs had not had any significant impact on the results for the current or prior accounting periods and, accordingly, no prior period adjustment has been required.

3. TURNOVER, OTHER REVENUE AND INCOME

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

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

	Unaudited nine months ended 30 September		Unaudited three months ended 30 September	
	2007 RMB'000	2006 RMB'000	2007 RMB'000	2006 RMB'000
Turnover				
Sales of goods	31,676	31,946	9,352	11,864
Other revenue and income				
Interest income	2	2	-	-
Sundry income	684	156	309	52
	686	158	309	52
Total turnover, other revenue and income	32,362	32,104	9,661	11,916

4. FINANCE COSTS

	Unaudited nine months ended 30 September		Unaudited three months ended 30 September	
	2007 RMB'000	2006 RMB'000	2007 RMB'000	2006 RMB'000
Interest on bank borrowings wholly repayable within 5 years	399	526	130	214
Exchange loss	-	73	-	5
Others	9	4	1	1
	408	603	131	220

5. 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).

6. LOSS PER SHARE

The calculation of the basic earnings per share for the nine months ended 30 September 2007 was based on the loss attributable to equity holders of the Company of RMB2,479,000 (nine months ended 30 September 2006: RMB1,306,000), and the weighted average number of approximately 187,430,000 ordinary shares (30 September 2006: 187,430,000) in issue during the period.

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

7. DIVIDEND

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

8. RESERVES

	Share capital	Share premium	Capital reserve	Statutory reserve fund	Discretionary (Accumulated common reserve fund	losses)/ retained profits	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<i>Nine months ended</i>							
<i>30 September 2007</i>							
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	-	-	-	-	-	(2,479)	(2,479)
Appropriation	-	-	156	-	-	(156)	-
As at 30 September 2007	<u>18,743</u>	<u>10,910</u>	<u>(1,993)</u>	<u>3,734</u>	<u>1,500</u>	<u>(53,826)</u>	<u>(20,932)</u>
<i>Nine months ended</i>							
<i>30 September 2006</i>							
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	-	-	-	-	-	(1,306)	(1,306)
Appropriation	-	-	156	-	-	(156)	-
As at 30 September 2006	<u>18,743</u>	<u>10,910</u>	<u>(2,200)</u>	<u>3,734</u>	<u>1,500</u>	<u>3,860</u>	<u>36,547</u>

BUSINESS AND FINANCIAL REVIEW

Turnover

For the nine months ended 30 September 2007, the Company recorded a turnover of approximately RMB31,676,000 (for the nine months ended 30 September 2006: RMB31,946,000), representing a decrease of approximately 0.84% over the corresponding period of last year.

Cost of sales

For the nine months ended 30 September 2007, the Company's cost of sales amounted to approximately RMB29,212,000 (for the nine months ended 30 September 2006: RMB28,155,000), representing an increase of approximately 3.75% over the corresponding period of last year. The Company's cost of sales primarily comprised the costs of raw materials (especially steel pipes) and labour.

Gross profit

For the nine months ended 30 September 2007, the Company recorded an overall gross profit of approximately RMB2,464,000 (for the nine months ended 30 September 2006: gross profit of approximately RMB3,791,000), representing a decrease of approximately 35% over the corresponding period of last year. The decrease was primarily attributable to the decrease in turnover while the cost of sales continued to rise. The Company was unable to maintain effective cost control management.

Other revenue and income

For the nine months ended 30 September 2007, other revenue and income reached approximately RMB686,000 (for the nine months ended 30 September 2006: RMB158,000). Other revenue and income for the nine months ended 30 September 2007 primarily comprised revenues from the sales of waste amounting to approximately RMB515,000, while that for the nine months ended 30 September 2006 primarily comprised the amortization of government subsidy for the Company's machinery purchase amounting to RMB156,000.

Distribution costs

For the nine months ended 30 September 2007, the Company generated distribution costs of approximately RMB409,000, representing a decrease of approximately 78% 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 nine months ended 30 September 2007, the Company's administrative expenses amounted to approximately RMB4,399,000 (for the nine months ended 30 September 2006: RMB2,793,000), representing an increase of approximately 57.50% over the corresponding period of last year, among which wages and other expenses accounted for the largest portion.

Finance costs

Finance costs reached RMB410,000, representing a decrease of 32% over the corresponding period of last year.

Loss for the period

For the nine months ended 30 September 2007, the Company recorded a loss for the period of approximately RMB2,479,000 (for the nine months ended 30 September 2006: loss for the period of RMB1,306,000). Such change indicates that the Company's loss has increased by RMB1,173,000 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% of 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 nine months ended 30 September 2007, no EIT was charged.

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

Outlook

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

Future Plan

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

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

As at 30 September 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	20,192,500	10.77%
Mr. Jiang Zhou	Beneficial owner	13,190,000	7.04%
Ms. Li Min Zhi	Beneficial owner	9,465,000	5.05%
Mr. Tang Heng Yi	Beneficial owner	8,902,500	4.75%

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

Long positions in shares of the Company

Name of Shareholders	Capacity	Number of shares	Approximate percentage of total registered share capital
Shanghai Huasheng Enterprise (Group) Company Limited	Beneficial owner	63,300,000 (<i>Note 1</i>)	33.77%
Mr. Jiang Zi Qiang (<i>Note 2</i>)	Held by controlled corporation	63,300,000 (<i>Note 1</i>)	33.77%
Victory Investment China Group Ltd.	Beneficial owner	16,628,000	8.87%
Mr. Li Zheng Li	Beneficial owner	20,192,500 (<i>Note 1</i>)	10.77%
Mr. Jiang Zhou	Beneficial owner	13,190,000 (<i>Note 1</i>)	7.04%
Ms. Li Min Zhi	Beneficial owner	9,465,000 (<i>Note 1</i>)	5.05%

Notes:

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

Save as disclosed above, the Company has not been notified of any other relevant interests representing 5 percent or more in the issued shares capital of the Company as at 30 September 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 9 months ended 30 September 2007 had a material interest, whether directly or indirectly, subsisted at 30 September 2007 or at any time during the 9 months ended 30 September 2007.

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

During the 9 months ended 30 September 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 9 months ended 30 September 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.