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 RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2011

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

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the main board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

* *For identification purpose only*

INTERIM RESULTS (UNAUDITED)

The Board of Directors (the “Board”) of Shanghai Qingpu Fire-Fighting Equipment Co., Ltd. (the “Company”, together with its subsidiary, collectively the “Group”) is pleased to announce the unaudited consolidated results of the Group for the six months ended 30 June 2011. For the six months ended 30 June 2011, the unaudited revenue is approximately RMB16,195,000, representing an increase of approximately RMB5,552,000 or approximately 52.17% as compared with that of the same period in 2010. The Group has managed to turn around to record a profit of approximately RMB8,002,000 for the six months ended 30 June 2011 from loss of approximately RMB656,000 for the corresponding period in 2010.

The unaudited condensed consolidated financial statements of the Group for the three months and six months ended 30 June 2011 together with the unaudited comparative figures for the corresponding period in 2010 (“the Relevant Periods”) are as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Three months ended 30 June		Six months ended 30 June	
		2011	2010	**2011**	2010
	Notes	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Revenue	*3*	**9,464**	5,861	**16,195**	10,643
Cost of sales		**(7,037)**	(5,062)	**(12,903)**	(9,557)
Gross profit		**2,427**	799	**3,292**	1,086
Other income and gains	*3*	**7,448**	107	**7,531**	276
Selling and distribution costs		**(69)**	(67)	**(141)**	(150)
Administrative expenses		**(1,525)**	(869)	**(2,633)**	(1,710)
Operating profit/(loss)	*5*	**8,281**	(30)	**8,049**	(498)
Finance costs	*6*	**–**	(156)	**–**	(158)
Profit/(loss) before taxation		**8,281**	(186)	**8,049**	(656)
Income tax expenses	*7*	**(47)**	–	**(47)**	–
Profit/(loss) for the period and total comprehensive income for the period		**8,234**	(186)	**8,002**	(656)
Attributable to:					
Owners of the Company		**8,207**	(186)	**7,975**	(656)
Non-controlling interests		**27**	–	**27**	–
Profit/(loss) for the period and total comprehensive income for the period		**8,234**	(186)	**8,002**	(656)
Earnings/(loss) per share attributable to equity holders of the Company – Basic (RMB)	*9*	**0.044**	(0.001)	**0.043**	(0.003)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**Unaudited As at 30 June 2011** *RMB'000*	Audited As at 31 December 2010 *RMB'000*
NON-CURRENT ASSETS			
Lease premium for land		**701**	710
Property, plant and equipment	*10*	**12,794**	12,371
Investment property	*11*	**5,154**	–
Total non-current assets		**18,649**	13,081
CURRENT ASSETS			
Inventories		**8,082**	6,598
Trade receivables	*12*	**5,069**	3,069
Lease premiums for land		**18**	18
Prepayments, deposits and other receivables		**989**	1,799
Due from related companies		**512**	165
Cash and bank balances		**4,785**	11,770
Total current assets		**19,455**	23,419
CURRENT LIABILITIES			
Trade payables	*13*	**3,048**	3,777
Other payables and accruals	*14*	**9,419**	9,384
Total current liabilities		**12,467**	13,161
NET CURRENT ASSETS		**6,988**	10,258
TOTAL ASSETS LESS CURRENT LIABILITIES		**25,637**	23,339
NON-CURRENT LIABILITIES			
Due to immediate holding company		**–**	(6,000)
Net assets		**25,637**	17,339
EQUITY			
Issued capital	*15*	**18,743**	18,743
Reserves		**6,571**	(1,404)
Total equity attributable to equity holders of the Company		**25,314**	17,339
Non-controlling interests		**323**	–
		25,637	17,339

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company								
	Issued capital *RMB'000*	Share premium *RMB'000*	Capital reserve *RMB'000*	Statutory common reserve fund *RMB'000*	Discretionary common reserve fund *RMB'000*	Accumulated losses *RMB'000*	Total *RMB'000*	Non– controlling interests *RMB'000*	Total equity *RMB'000*
Six months ended 30 June 2011									
Balance at 1 January 2011	**18,743**	**10,910**	**22,799**	**3,734**	**1,500**	**(40,347)**	**17,339**	**–**	**17,339**
Total comprehensive income for the period	**–**	**–**	**–**	**–**	**–**	**7,975**	**7,975**	**27**	**8,002**
Acquisition of a subsidiary	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**296**	**296**
Balance at 30 June 2011	**18,743**	**10,910**	**22,799**	**3,734**	**1,500**	**(32,372)**	**25,314**	**323**	**25,637**
Six months ended 30 June 2010									
Balance at 1 January 2010	18,743	10,910	(1,733)	3,734	1,500	(59,974)	(26,820)	–	(26,820)
Total comprehensive income for the period	–	–	–	–	–	(656)	(656)	–	(656)
Balance at 30 June 2010	18,743	10,910	(1,733)	3,734	1,500	(60,630)	(27,476)	–	(27,476)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
Net cash generated from operating activities	**(867)**	22,641
Net cash used in investing activities	**(6,118)**	(225)
Net cash used in financing activities	**–**	(21,510)
Net (decrease)/increase in cash and cash equivalents	**(6,985)**	906
Cash and cash equivalents at beginning of period	**11,770**	471
Cash and cash equivalents at end of period	**4,785**	1,377

Notes:

1. GENERAL

Shanghai Qingpu Fire-Fighting Equipment Co., Limited (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 Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong ("SEHK") on 30 June 2004.

During the period, the Company had entered into an agreement with independent third parties for the acquisition of 90% interests in a fire technology consulting, testing and inspection services company. Upon completion of the acquisition in May 2011, the Group had diversified its principal activities and expanded into the provision of fire technology consulting, testing and inspection services.

The Company is principally engaged in manufacturing and sale of fire-fighting equipment products. The principal activity of the Company's subsidiary is the provision of fire technology consulting, testing and inspection services.

The directors of the Company are of the opinion that the Company considered its immediate holding company to 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 to 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 unaudited condensed consolidated financial statements of the Company and its subsidiary (collectively the "Group") have been prepared in accordance with International Accounting Standard ("IAS") No.34 "Interim Financial Reporting" and International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and the Rules Governing the Listing of Securities on the GEM of the SEHK. The financial information has been prepared under the historical convention.

Basis of consolidation

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on consolidation in full.

Adjustments are made to bring into line any dissimilar accounting policies that may exist.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognizes (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognizes (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate.

The condensed financial statements for the three months and six months ended 30 June 2011 are unaudited, but have been reviewed by the audit committee of the Company.

Other than the adoption of the accounting policies and the new and revised IFRSs as below, the accounting policies adopted are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2010.

Business combination and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquire and the equity interests issued by the Group in exchange for control of the acquire. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs are expensed as incurred.

When Group acquires a business, it assess the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquire is remeasured to fair value as at the acquisition date through profit of loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured until it is finally settled within equity.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquire over the net identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets of the subsidiary acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

Investment properties

Investment properties are interests in land and buildings (including the leasehold interest under an operating lease for a property which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of reporting period.

Gain or losses arising from changes in the fair values of investment properties are included in the income statement in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the year of the retirement or disposal.

Changes in accounting policies disclosures

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 2011:

IFRS 1 Amendments	Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters
IAS 24 Amendment	Related Party Disclosures
IAS 32 Amendment	Financial Instruments: Presentation – Classification of Right Issue
IFRIC 14 Amendments	Prepayment of a Minimum Funding Requirement
IFRIC-Int 19	Extinguishing Financial Liabilities with Equity Instruments
Improvements to IFRSs 2010	Amendments to a number of IFRSs issued in May 2010

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. REVENUE, OTHER INCOME AND GAINS

The Group's revenue, also comprises the Group's turnover, is derived principally from the net invoiced value of the sale of fire-fighting equipment products and the net invoiced value of fire technology consulting, testing and inspection services rendered.

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

	Unaudited Three months ended 30 June		**Unaudited Six months ended 30 June**	
	2011	2010	**2011**	2010
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Revenue				
Sales of goods	**8,835**	5,861	**15,566**	10,643
Services rendered	**629**	–	**629**	–
	9,464	5,861	**16,195**	10,643
Other income and gains				
Interest income	**17**	–	**17**	–
Sundry income	**570**	107	**653**	276
Bargain purchase arising from consolidation	**861**	–	**861**	–
Reversal of impairment loss of loan receivable from former controlling shareholder *(note 5)*	**6,000**	–	**6,000**	–
	7,448	107	**7,531**	276
Total revenue, other income and gains	**16,912**	5,968	**23,726**	10,919

4. SEGMENT INFORMATION

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

The Group has the following two segments:

(i) Sales of fire-fighting equipment segment – manufacture and sales of fire-fighting equipment products; and

(ii) Consulting and testing services segment – provision of fire technology consulting, testing and inspection services (which was commenced during the period upon the acquisition of the subsidiary).

Six months ended 30 June 2011	Sales of fire-fighting equipment *RMB'000*	Consulting and testing services *RMB'000*	Total *RMB'000*
Revenue	15,566	629	16,195
Segments result	2,926	367	3,293
Unallocated revenue and cost			4,756
Profit before tax			8,049
Tax			(47)
Profit for the period			8,002
Segment assets	34,642	3,462	38,104
Unallocated segment assets	–	–	–
Total assets	34,642	3,462	38,104
Segment liabilities	12,232	235	12,467
Unallocated segment liabilities	–	–	–
Total liabilities	12,232	235	12,467
Capital expenditure	5,834	621	6,455
Depreciation	1,145	12	1,157

No segment information is presented for the six months ended 30 June 2010 as the Group is principally engaged in one operating segment which is sale of fire-fighting equipment.

The Group operates in the PRC and its major assets are located in the PRC, no geographical segment information is presented.

5. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is arrived at after charging/(crediting) the following items:

	Unaudited Three months ended 30 June		**Unaudited Six months ended 30 June**	
	2011	2010	**2011**	2010
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Amortisation of lease premium for land	**4**	4	**9**	9
Depreciation on property, plant and equipment	**749**	390	**1,157**	791
Repair and maintenance expenditures	**187**	7	**418**	17
Operating lease rentals for land and buildings	**156**	25	**251**	50
Staff costs	**999**	373	**1,869**	604
Auditors' remuneration	**–**	–	**–**	–
Bargain purchase arising from consolidation	**(861)**	–	**(861)**	–
Reversal of impairment of loan receivable from former controlling shareholder*	**(6,000)**	–	**(6,000)**	–

* *Reversal of impairment of loan receivable from former controlling shareholder is included in other income and gains in the condensed consolidated statement of comprehensive income.*

6. FINANCE COSTS

	Unaudited Three months ended 30 June		**Unaudited Six months ended 30 June**	
	2011	2010	**2011**	2010
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Interest on bank borrowings wholly repayable within 5 years	**–**	156	**–**	158

7. 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 (2010: Nil).

PRC Enterprise Income Tax has been provided at 25% on the Group's estimated assessable profits for the period (six months ended 30 June 2010: Nil) after offsetting against the tax losses brought forward from previous years.

	Six months ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current tax – PRC		
Provision for the period	**47**	–

The tax effect of temporary differences for deferred tax assets was not recognised in the financial statements due to the uncertainty of future profits streams against which the assets can be utilised. These tax losses will expire in the next five years.

8. DIVIDEND

No dividend have been paid or declared by the Group during the period ended 30 June 2011.

9. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The calculation of the earnings per share for the six months ended 30 June 2011 is based on the profits attributable to owners of the Company of RMB7,975,000 (six months ended 30 June 2010: loss of RMB656,000), and the weighted average number of approximately 187,430,000 (30 June 2010: 187,430,000) ordinary shares in issue during the period.

Diluted earnings per share have not been calculated, as there were no dilutive potential ordinary shares during the six months ended 30 June 2010 and 2011.

10. PROPERTY, PLANT AND EQUIPMENT

	Buildings *RMB'000*	**Machinery** *RMB'000*	**Furniture, fixtures and equipment** *RMB'000*	**Motor vehicles** *RMB'000*	**Total** *RMB'000*
30 June 2011					
At 1 January 2011, net of accumulated depreciation	3,372	8,703	148	148	12,371
Additions	–	639	23	25	687
Acquisition of a subsidiary	–	–	123	770	893
Depreciation provided during the period	(99)	(884)	(137)	(37)	(1,157)
At 30 June 2011, net of accumulated depreciation	3,273	8,458	157	906	12,794
31 December 2010					
At 1 January 2010, net of accumulated depreciation	3,569	10,515	189	232	14,505
Additions	–	6	7	–	13
Disposal	–	(51)	–	(29)	(80)
Depreciation provided during the year	(197)	(1,767)	(48)	(55)	(2,067)
At 31 December 2010, net of accumulated depreciation	3,372	8,703	148	148	12,371

The buildings were held in the PRC under medium leases.

11. INVESTMENT PROPERTY

	Unaudited **At 30 June 2011** ***RMB'000***	Audited At 31 December 2010 *RMB'000*
Additions	**5,154**	–
At the end of the period/year	**5,154**	–

The investment property was held in the PRC under medium leases.

12. TRADE RECEIVABLES

	Unaudited 30 June 2011 *RMB'000*	Audited 31 December 2010 *RMB'000*
Trade receivables	**5,069**	3,069
Impairment	**–**	–
	5,069	3,069

The Group'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 Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

An aged analysis of the trade receivables as at 30 June 2011, based on the invoice date, is as follows:

	Unaudited 30 June 2011 *RMB'000*	Audited 31 December 2010 *RMB'000*
0 – 30 days	**2,511**	1,613
31 – 60 days	**879**	386
61 – 90 days	**655**	241
Over 90 days	**1,024**	829
	5,069	3,069

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

	Unaudited 30 June 2011 *RMB'000*	Audited 31 December 2010 *RMB'000*
Neither past due nor impaired	**4,045**	2,240
Less than 1 month past due	**288**	244
1 to 3 months past due	**192**	380
More than 3 months past due	**544**	205
	5,069	3,069

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

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

13. TRADE PAYABLES

An aged analysis of the trade payables as at 30 June 2011, based on invoice date, is as follows:

	Unaudited 30 June 2011	Audited 31 December 2010
	RMB'000	*RMB'000*
0 – 30 days	**715**	1,362
31 – 60 days	**41**	519
61 – 90 days	**76**	207
Over 90 days	**2,216**	1,689
	3,048	3,777

14. OTHER PAYABLES AND ACCRUALS

	Unaudited 30 June 2011	Audited 31 December 2010
	RMB'000	*RMB'000*
Other payables	**2,762**	1,333
Accruals	**596**	595
Advances from customers	**560**	1,931
VAT payable	**246**	270
Provision for loss on financial guarantees *(note a)*	**190**	190
Provision for bank loan related expenses *(note b)*	**5,065**	5,065
	9,419	9,384

a) Provision for loss on financial guarantees provided by the Company to secure for the underlying bank loans granted to a former related company which were defaulted by it together with interests accrued, penalty interests and legal costs. The movement of the provision is as follows:

	Unaudited 30 June 2011 *RMB'000*	Audited 31 December 2010 *RMB'000*
At beginning of period/year	**190**	23,940
Charge for the period/year	**–**	190
Settlement of the bank loans by the ex-related company	**–**	(23,940)
At the end of period/year	**190**	190

b) Provision for bank loan related expense represents the interests accrued, penalty interests and legal costs to be paid for the related bank loans. The movements are as follows:

	Unaudited 30 June 2011 *RMB'000*	Audited 31 December 2010 *RMB'000*
At beginning of period/year	**5,065**	4,411
Charge for the period/year	**–**	654
At the end of period/year	**5,065**	5,065

Interest of RMB4,750,000 will be settled in September 2011 in accordance with the interest reduction agreement.

15. SHARE CAPITAL

Registered, issued and fully paid

	Number of shares	**Ordinary shares of RMB0.1 each** *RMB'000*
As at 30 June 2011 and 31 December 2010	187,430,000	18,743

16. CAPITAL RESERVE

	Reversal of revaluation surplus of property, plant and equipment *RMB'000*	Waiver of amount due to immediate holding company *RMB'000*	Total *RMB'000*
At 1 January 2010	(1,733)	–	(1,733)
Write back of payables waived by immediate holding company	–	24,532	24,532
At 31 December 2010 and 30 June 2011	(1,733)	24,532	22,799

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 Group'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.

17. BUSINESS COMBINATION

On 31 May 2011, the Company acquired a 90% interest in Shanghai Liming Fire Testing Co., Limited 上海黎明消防檢測有限公司 ("Liming") from two independent third parties. Liming is engaged in provision of fire technology consulting, testing and inspection services. The purchase consideration for the acquisition was in the form of cash of RMB1,800,000 paid at the acquisition date.

The Group has elected to measure the non-controlling interests in Liming at the non-controlling interests' proportionate share of Liming's identifiable net assets.

The fair values of the identifiable assets and liabilities of Liming as at the date of acquisition were as follows:

	Fair value recognised on acquisition
	RMB'000
Property, plant and equipment	893
Cash and bank balances	1,523
Trade receivables	424
Prepayments and other receivables	175
Accruals and other payables	(58)
Total identifiable net assets at fair value	2,957
Non-controlling interests	(296)
Gain on bargain purchase recognised in other income and gains in the condensed consolidated statement of comprehensive income	(861)
Satisfied by cash	1,800

The fair values and the gross contractual amounts of the trade receivables, and other receivables as at the date of acquisition amounted to approximately RMB424,000 and approximately RMB140,000 respectively.

Since its acquisition, Liming contributed approximately RMB629,000 to the Group's revenue and approximately RMB271,000 to the consolidated profit for the period ended 30 June 2011.

Had the combination taken place at the beginning of the period, the revenue of the Group and the profit of the Group would have been approximately RMB18,873,000 and approximately RMB8,950,000, respectively.

18. OPERATING LEASE COMMITMENTS

As at 30 June 2011, the total future minimum lease payments in respect of non-cancellable operating leases for land and buildings are as follows:

	Unaudited At 30 June 2011	Audited At 31 December 2010
	RMB'000	*RMB'000*
Within one year	**246**	346
Over one year but within 5 years	**982**	837
After 5 years	**449**	737
	1,677	1,920

19. CAPITAL COMMITMENT

At the end of the reporting period, the Group had no material capital commitment.

20. CONTINGENT LIABILITIES

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

21. EVENT AFTER REPORTING PERIOD

The Group did not have any material events after the reporting period.

BUSINESS AND FINANCIAL REVIEW

Revenue

For the six months ended 30 June 2011, the Group recorded a revenue of approximately RMB16,195,000 (six months ended 30 June 2010: RMB10,643,000), representing an increase of approximately 52.17% over the corresponding period of last year. As the economy began to recover, more orders were placed to the sales department of the Company. Besides, the revenue increases as a result of the contribution from the newly acquisited subsidiary and sale of new products from existing and new customers.

Cost of sales and gross profit

For the six months ended 30 June 2011, the Group's cost of sales amounted to approximately RMB12,903,000 (six months ended 30 June 2010: RMB9,557,000), representing a decrease of approximately 35.01% over the corresponding period of last year.

For the six months ended 30 June 2011, the Group recorded overall gross profit of approximately RMB3,292,000 (six months ended 30 June 2010: gross profit of approximately RMB1,086,000), representing an increase of 10 percentage points from 10% to 20% from the corresponding period of last year to the current period. Such increase was primarily attributable to the Group's improvement on the control on cost of sales, as well as new products/services with a higher margin.

Other revenue and income

For the six months ended 30 June 2011, other revenue and income reached approximately RMB7,531,000 (six months ended 30 June 2010: RMB276,000). Other revenue and income for the six months ended 30 June 2011 was primarily comprised revenue from the sales of waste amounting to RMB653,000, the reversal of impairment of loan receivable from former controlling shareholder of RMB6,000,000 and bargain purchase arising from consolidation of RMB861,000.

Selling and distribution costs

For the six months ended 30 June 2011, the Group incurred selling and distribution costs of approximately RMB641,000, representing a decrease of approximately 6% over the corresponding period of last year. This was due to the economy of scale and control on the selling and distribution costs.

Administrative expenses

For the six months ended 30 June 2011, the Group's administrative expenses amounted to approximately RMB2,633,000 (six months ended 30 June 2010: RMB1,710,000), representing an increase of approximately 53.98% over the corresponding period of last year, primarily attributable to the increase in salaries.

Finance costs

No finance costs were recorded for the six months ended 30 June 2011 because the Group had fully repaid the bank borrowings during the year ended 31 December 2010 (six months ended 30 June 2010: RMB158,000).

Profit for the period

For the six months ended 30 June 2011, the Group recorded profit for the period of approximately RMB8,002,000 (six months ended 30 June 2010: loss of RMB656,000). Such change indicates that the Group has managed to turn around to record a profit for the period.

Income tax

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

The EIT is calculated on the estimated assessable profits at 25% for the six months ended 30 June 2011 after offsetting against tax losses brought forward from previous years (six months ended 30 June 2010: Nil).

No deferred tax assets has been recognised in respect of tax losses as the Group cannot ascertain its earning position in the foreseeable future.

Net current assets

As at 30 June 2011, the Company has net current assets of approximately RMB6,988,000, based on which, the current ratio was 1.56 (31 December 2010: 0.42). The current liabilities decreased from RMB13,161,000 as at 31 December 2010 to RMB12,467,000 as at 30 June 2011. Current assets as at 30 June 2011 mainly comprised inventories of approximately RMB8,082,000, accounts receivables of approximately RMB5,069,000, current land use right of approximately RMB18,000, prepayments, deposits and other receivables of approximately RMB989,000, receivables from related companies of approximately RMB512,000 and cash and bank deposits of approximately RMB4,785,000. Current liabilities mainly comprised trade payables of approximately RMB3,048,000, other payables and accrued charges of approximately RMB9,419,000.

Borrowings

The Group did not have any bank borrowings as at 31 December 2010 and 30 June 2011. Accordingly, the Group's gearing ratio as at 30 June 2011 was Nil (31 December 2010: Nil), which was expressed as a percentage of the total bank borrowings over total assets.

Capital structure and financial resources

As at 30 June 2011, the Group had net assets of approximately RMB25,637,000 (31 December 2010: RMB17,339,000). The Group's operations are financed principally by internal sources, 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, expand customer resources and other fire fighting related business.

Significant investments and material acquisitions

In February 2011, the Company purchased a property situated in Putuo District, Shanghai, the PRC at a consideration of approximately RMB5,154,000. The Company is seeking for potential tenant for rental income.

In May 2011, the Company acquired from two independent third parties, 90% equity interest in Shanghai Liming Fire Testing Co., Ltd. (上海黎明消防檢測有限公司) ("**Liming**") at a consideration of RMB1.8 million. The principal activity of Liming is the provision of fire-safety testing services, and as shown in the website of www.fire.sh.cn (上海消防網), there are 23 companies in Shanghai licensed to provide fire technology consulting and testing services and Liming is one of the licensed providers on the list. In addition, according to the Shanghai Fire Protection Association Document (Hu Xiao Xie (Mi) [2011] No.7) (上海市消防協會文件(滬消協(秘)[2011]7號)), there are 24 fire technology service companies passing the 2010 annual inspection and Liming passed the Grade 2 Qualification for Fire Equipment Technology Testing (消防設施技術檢測單項資質二級).

The Company considers that there exists business potential in the market for the provision of fire testing services as there are only 23 to 24 companies licensed to provide such services in Shanghai, but according to the Shanghai government policy, all new buildings are required to pass the fire safety test and all existing buildings are subject to annual fire safety inspection. Thus, the Board considers that it shall be in the interest of the Company to acquire Liming to expand such business.

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 2011, 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 30 June 2011, 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 2011, 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 *(Note 1)*	70.36%
	Held by controlled corporation	1,300,000	0.69%
Zhejiang Hengtai Real Estate Joint Stock Co., Ltd.	Held by controlled corporation	133,170,000 *(Note 2)*	71.05%
Mr. Zhou Jin Hui	Held by controlled corporation	133,170,000 *(Note 2)*	71.05%
Victory Investment China Group Ltd.	Beneficial owner	16,628,000	8.87%
Chu Yuet Wah	Held by controlled corporation	16,628,000 *(Note 3)*	8.87%
Best Forth Limited	Held by controlled corporation	16,628,000 *(Note 3)*	8.87%
Ample Cheer Limited	Held by controlled corporation	16,628,000 *(Note 3)*	8.87%
Kingston Finance Limited	Person having a security interest in shares	16,628,000 *(Note 3)*	8.87%

Notes:

1. All represented domestic shares of the Company.

2. Liancheng Fire-Fighting Group Company Limited holds 131,870,000 domestic shares of the Company. Liancheng Fire Protection Group (Hong Kong) Company Limited, a 100% subsidiary of Liancheng Fire-Fighting Group Company Limited, holds 1,300,000 H shares of the Company. Zhejiang Hengtai Real Estate Joint Stock Co., Ltd. owns 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. Kingston Finance Limited has a security interest in 16,628,000 H Shares of the Company. Ample Cheer Limited, 80% shares of which are held by Best Forth Limited, holds 100% of Kingston Finance Limited. Chu Yuet Wah holds 100% of Best Forth Limited.

4. 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 30 June 2011.

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 2011 had a material interest, whether directly or indirectly, subsisted at 30 June 2011 or at any time during the 6 months ended 30 June 2011.

EMPLOYEES

As at 30 June 2011, the Group had 176 employees (30 June 2010: 135 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 2011, 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 2011.

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

Hong Kong, 8 August 2011

As at the date of this announcement, the executive Directors are Mr. Zhou Jin Hui (Chairman), Mr. Gong Xu Lin 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.