



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 2010

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

UNAUDITED CONDENSED INCOME STATEMENT

	Notes	Unaudited Nine months ended 30 September		Unaudited Three months ended 30 September	
		2010 RMB'000	2009 RMB'000	2010 RMB'000	2009 RMB'000
Revenue	3	16,093	16,035	5,450	5,552
Cost of sales		(14,398)	(14,809)	(4,841)	(5,200)
Gross profit		1,695	1,226	609	352
Other revenue and income	3	560	3,370	284	438
Provision for loss on financial guarantees		-	(503)	-	(168)
Reimbursement receivable for loss on financial guarantees		-	503	-	168
Impairment loss on reimbursement receivables for loss on financial guarantee		-	(335)	-	-
Distribution costs		(275)	(184)	(125)	(65)
Administrative expenses		(2,871)	(3,752)	(1,161)	(1,082)
Profit/(loss) from operations		(891)	325	(393)	(357)
Finance costs	4	(163)	(395)	(5)	(131)
Loss before tax		(1,054)	(70)	(398)	(488)
Income tax	5	-	-	-	-
Loss for the period and total comprehensive loss for the period		<u>(1,054)</u>	<u>(70)</u>	<u>(398)</u>	<u>(488)</u>
Loss for the period and total comprehensive loss for the period attributable to owners of the Company		<u>(1,054)</u>	<u>(70)</u>	<u>(398)</u>	<u>(488)</u>
Dividend	7	-	-	-	-
Loss per share (RMB)					
- Basic (cents)	6	<u>(0.006)</u>	<u>(0.0004)</u>	<u>(0.002)</u>	<u>(0.003)</u>

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 manufacturing and sale of fire-fighting equipment products.

The directors of the Company are of the opinion that the Company's immediate holding company is 聯城消防集團股份有限公司, a company established with limited liability in the PRC and ultimate holding company is 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 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 cost convention.

The condensed financial statements for the three months and nine months ended 30 September 2010 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 2009.

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

IAS 1 Amendment	Presentation of Financial Statement: Capital disclosures
IAS 23 (Revised)	Borrowing Costs
IAS 32 Amendment	Financial Instruments: Disclosure and Presentation

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		Unaudited	
	Nine months ended		Three months ended	
	30 September		30 September	
	2010	2009	2010	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Turnover				
Sales of goods	16,093	16,035	5,450	5,552
Other revenue and income				
Interest income	8	–	8	–
Sundry income	552	3,370	276	438
	560	3,370	284	438
Total turnover, other revenue and income	16,653	19,405	5,734	5,990

4. FINANCE COSTS

	Unaudited		Unaudited	
	Nine months ended		Three months ended	
	30 September		30 September	
	2010	2009	2010	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Interest on bank borrowings				
wholly repayable within 5 years	163	382	5	128
Exchange loss	–	–	–	–
Others	–	13	–	3
	163	395	5	131

5. INCOME TAX

No provision for Hong Kong profits tax and PRC Enterprise Income Tax has been made as the Company had no assessable profits arising in Hong Kong and the PRC during the period (2009: Nil).

The tax effect of temporary differences for deferred tax assets was not recognized in the financial statements due to the uncertainty of future profits streams against which the assets can be utilized. These tax losses will expire in the next five years (2009: Nil).

6. LOSS PER SHARE

The calculation of the basic loss per share for the nine months ended 30 September 2010 was based on the loss attributable to equity holders of the Company of RMB1,054,000 (nine months ended 30 September 2009: RMB70,000), and the weighted average number of approximately 187,430,000 ordinary shares (30 September 2009: 187,430,000) in issue during the period.

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

7. DIVIDENDS

The directors do not recommend the payment of any dividend for the nine months ended 30 September 2010 (2009: Nil) in view of loss for the period.

8. RESERVES

	Share capital	Share premium	Capital reserve	Statutory reserve fund	Discretionary reserve fund	Accumulated losses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<i>Nine months ended</i>							
<i>30 September 2010</i>							
As at 1 January 2010	18,743	10,910	(1,733)	3,734	1,500	(52,409)	(19,255)
Total comprehensive loss for the period	-	-	-	-	-	(1,054)	(1,054)
As at 30 September 2010	<u>18,743</u>	<u>10,910</u>	<u>(1,733)</u>	<u>3,734</u>	<u>1,500</u>	<u>(53,463)</u>	<u>(20,309)</u>
<i>Nine months ended</i>							
<i>30 September 2009</i>							
As at 1 January 2009	18,743	10,910	(1,733)	3,734	1,500	(56,085)	(22,931)
Total comprehensive loss for the period	-	-	-	-	-	(70)	(70)
As at 30 September 2009	<u>18,743</u>	<u>10,910</u>	<u>(1,733)</u>	<u>3,734</u>	<u>1,500</u>	<u>(56,155)</u>	<u>(23,001)</u>

BUSINESS AND FINANCIAL REVIEW

Turnover

For the nine months ended 30 September 2010, the Company recorded a turnover of approximately RMB16,093,000 (for the nine months ended 30 September 2009: RMB16,035,000), representing an increase of approximately 0.36% over the corresponding period of last year. As the economy began to recover, more orders were placed to the sales department of the Company.

Cost of sales

For the nine months ended 30 September 2010, the Company's cost of sales amounted to approximately RMB14,398,000 (for the nine months ended 30 September 2009: RMB14,809,000), representing a decrease of approximately 2.78% over the corresponding period of last year. The decrease was attributable to continuous improved control on cost of sales.

Gross profit

For the nine months ended 30 September 2010, the Company recorded overall gross profit of approximately RMB1,695,000 (for the nine months ended 30 September 2009: gross profit of approximately RMB1,226,000), representing an increase of approximately 38.25% over the corresponding period of last year. The increase was primarily attributable to the increase in turnover with the improved control on cost of sales.

Other revenue and income

For the nine months ended 30 September 2010, other revenue and income reached approximately RMB560,000 (for the nine months ended 30 September 2009: RMB3,370,000), representing a decrease of approximately RMB2,810,000. A reversal of accounts payable amounted to RMB3,101,000 was included under other revenue and income for the nine months ended 30 September 2009 whereas no such item was recorded for the nine months ended 30 September 2010. Other revenue and income for the nine months ended 30 September 2010 was primarily comprised revenue from the sales of waste amounted to RMB296,000.

Distribution costs

For the nine months ended 30 September 2010, the Company incurred distribution costs of approximately RMB275,000, representing an increase of approximately 120% over the corresponding period of last year. The increase in distribution costs was primarily due to the increase in commission to the sales agents in order to increase sales.

Administrative expenses

For the nine months ended 30 September 2010, the Company's administrative expenses amounted to approximately RMB2,871,000 (for the nine months ended 30 September 2009: RMB3,752,000), representing a decrease of approximately 23.48% over the corresponding period of last year. The decrease was attributable to improved control on various expenses.

Finance costs

Finance costs reached RMB163,000, representing a decrease of 58.73% over the corresponding period of last year.

Loss for the period

For the nine months ended 30 September 2010, the Company recorded loss for the period of approximately RMB1,054,000 (for the nine months ended 30 September 2009: loss for the period RMB70,000). Such change indicates that the Company's loss has increased by approximately RMB984,000 over the corresponding period of last year.

Income tax

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

As the Company recorded loss for the nine months ended 30 September 2010, no EIT was provided.

No deferred tax was provided 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 2010, the interests and short positions of the Directors and supervisors of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the minimum standards of dealing by directors as referred to in Rule 5.46 of the Rules Governing the Listing of Securities on the GEM (the "GEM Listing Rules"), were as follows:

Long positions in shares of the Company

Name	Capacity	Number of shares	Approximate percentage of total issued share capital
Mr. Zhou Jin Hui (<i>Note 1</i>)	Held by controlled corporation	133,170,000	71.05%
Mr. Rao Jun Xi (<i>Note 2</i>)	Held by controlled corporation	133,170,000	71.05%

Note:

1. Liancheng Fire-Fighting Group Company Limited holds 131,870,000 domestic shares of the Company. Liancheng Fire Protection Group (Hong Kong) Company Limited, a 100% subsidiary of Liancheng Fire-Fighting Group Company Limited, holds 1,300,000 H shares of the Company. Zhenjiang Hengtai Real Estate Joint Stock Co., Ltd. owns 90% of Liancheng Fire-Fighting Group Company Limited and Mr. Zhou Jin Hui owns 58% of Zhenjiang Hengtai Real Estate Joint Stock Co., Ltd. Accordingly, Mr. Zhou Jin Hui was deemed to be interested in 131,870,000 domestic shares and 1,300,000 H shares in the Company.
2. Liancheng Fire-Fighting Group Company Limited holds 131,870,000 domestic shares of the Company. Liancheng Fire Protection Group (Hong Kong) Company Limited, a 100% subsidiary of Liancheng Fire-Fighting Group Company Limited, holds 1,300,000 H shares of the Company. Zhenjiang Hengtai Real Estate Joint Stock Co., Ltd. owns 90% of Liancheng Fire-Fighting Group Company Limited and Mr. Rao Jun Xi owns 3% of Zhenjiang Hengtai Real Estate Joint Stock Co., Ltd. Accordingly, Mr. Rao Jun Xi was deemed to be interested in 131,870,000 domestic shares and 1,300,000 H shares in the Company.

Save as disclosed above, as at 30 September 2010, none of the Directors and supervisors of the Company has any interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the minimum standards of dealing by directors as referred to in Rule 5.46 of the GEM Listing Rules.

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

As at 30 September 2010, the following person (other than the Director and supervisors of the Company) has any interests and short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

Long positions in shares of the Company

Name of Shareholders	Capacity	Number of shares	Approximate percentage of total registered share capital
Liancheng Fire-Fighting Group Company Limited	Beneficial owner Held by controlled corporation	131,870,000 (<i>Note 1</i>) 1,300,000	70.36% 0.69%
Zhejiang Hengtai Real estate Joint Stock Co., Ltd. (<i>Note 2</i>)	Held by controlled corporation	133,170,000	71.05%
Mr. Zhou Jin Hui (<i>Note 2</i>)	Held by controlled corporation	133,170,000	71.05%
Mr. Rao Jun Xi (<i>Note 3</i>)	Held by controlled corporation	133,170,000	71.05%
Victory Investment China Group Ltd.	Beneficial owner	16,628,000	8.87%

Notes:

1. All represented domestic shares of the Company.
2. Liancheng Fire-Fighting Group Company Limited holds 131,870,000 domestic shares of the Company. Liancheng Fire Protection Group (Hong Kong) Company Limited, a 100% subsidiary of Liancheng Fire-Fighting Group Company Limited, holds 1,300,000 H shares of the Company. Zhenjiang Hengtai Real Estate Joint Stock Co., Ltd. owns 90% of Liancheng Fire-Fighting Group Company Limited and Mr. Zhou Jin Hui owns 58% of Zhenjiang Hengtai Real Estate Joint Stock Co., Ltd. Accordingly, Zhenjiang Hengtai Real Estate Joint Stock Co., Ltd. and Mr. Zhou Jin Hui were deemed to be interested in 87,534,735 shares in the Company.
3. Liancheng Fire-Fighting Group Company Limited holds 131,870,000 domestic shares of the Company. Liancheng Fire Protection Group (Hong Kong) Company Limited, a 100% subsidiary of Liancheng Fire-Fighting Group Company Limited, holds 1,300,000 H shares of the Company. Zhenjiang Hengtai Real Estate Joint Stock Co., Ltd. owns 90% of Liancheng Fire-Fighting Group Company Limited and Mr. Rao Jun Xi owns 3% of Zhenjiang 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 September 2010.

DIRECTORS' AND SUPERVISORS' INTERESTS IN CONTRACTS

To the best knowledge of the Board, no contracts of significance in relation to the Company's business to which the Company was a party and in which any persons who were Directors or supervisors of the Company during the nine months ended 30 September 2010 had a material interest, whether directly or indirectly, subsisted at 30 September 2010 or at any time during the nine months ended 30 September 2010.

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

During the nine months ended 30 September 2010, the Company did not purchase, sell or redeem any of the Company's listed securities.

CORPORATE GOVERNANCE

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

(1) Corporate Governance Practices

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

(2) Directors’ Securities Transactions

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

AUDIT COMMITTEE

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

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

The Audit Committee has reviewed the Group's unaudited results for the nine months ended 30 September 2010 and has provided advice and comments thereon.

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

Hong Kong, 28 January 2011

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.