



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 2011

* *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” and its subsidiary, collectively the “Group”) is pleased to announce the unaudited results of the Group for the nine months ended 30 September 2011 together with the unaudited comparative figures for the corresponding period in 2010, as follows:

	Notes	Unaudited Nine months ended 30 September		Unaudited Three months ended 30 September	
		2011 RMB'000	2010 RMB'000	2011 RMB'000	2010 RMB'000
Revenue	3	27,124	16,093	10,929	5,450
Cost of sales		(21,012)	(14,398)	(8,109)	(4,841)
Gross profit		6,112	1,695	2,820	609
Other income and gains	3	12,489	560	4,958	284
Distribution costs		(253)	(275)	(112)	(125)
Administrative expenses		(3,978)	(2,871)	(1,345)	(1,161)
Operating profit/(loss)		14,370	(891)	6,321	(393)
Finance costs	4	-	(163)	-	(5)
Loss before taxation		14,370	(1,054)	6,321	(398)
Income tax	5	(83)	-	(36)	-
Profit/(loss) for the period and total comprehensive income/(loss) for the period		<u>14,287</u>	<u>(1,054)</u>	<u>6,285</u>	<u>(398)</u>
Attributable to:					
Owners of the Company		14,225	(1,054)	6,250	(398)
Non-controlling interests		62	-	35	-
Profit/(loss) for the period and total comprehensive income/(loss) for the period		<u>14,287</u>	<u>(1,054)</u>	<u>6,285</u>	<u>(398)</u>
Dividend	7	-	-	-	-
Profit/(loss) per share (RMB) - Basic (dollars)	6	<u>0.076</u>	<u>(0.006)</u>	<u>0.033</u>	<u>(0.002)</u>

Notes:

1. GENERAL

Shanghai Qingpu Fire-Fighting Equipment Co., Ltd. (the “Company” and its subsidiary, collectively the “Group”) 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-fighting 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-fighting 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 its immediate holding company be Liancheng Fire-Fighting Group Company Limited, a company established with limited liability in the PRC and its ultimate holding company be 浙江恒泰房地產有限公司, a company established with limited liability in the PRC.

2. PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed financial statements of 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. The financial information has been prepared under the historical convention.

The condensed financial statements for the three months and nine months ended 30 September 2011 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 Group’s annual financial statements for the year ended 31 December 2010.

The Group has adopted certain new and revised IFRSs published by the IASB which are effective for up to the accounting year ended 31 December 2011:

IFRS 1 Amendment	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-Int 14 Amendment	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 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 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 Nine months ended 30 September		Unaudited Three months ended 30 September	
	2011 RMB'000	2010 RMB'000	2011 RMB'000	2010 RMB'000
Revenue				
Sales of goods	24,919	16,093	8,724	5,450
Services rendered	2,205	–	2,205	–
	<u>27,124</u>	<u>16,093</u>	<u>10,929</u>	<u>5,450</u>
Other income and gains				
Interest income	17	8	–	8
Bargain purchase arising from consolidation	861	–	–	–
Reversal of impairment loss of loan receivable from former controlling shareholder	10,750	–	4,750	–
Sundry income	861	552	208	276
	<u>12,489</u>	<u>560</u>	<u>4,958</u>	<u>284</u>
Total turnover, other income and gains	<u>39,613</u>	<u>16,653</u>	<u>15,887</u>	<u>5,734</u>

4. FINANCE COSTS

	Unaudited Nine months ended 30 September 2011 RMB'000		Unaudited Three months ended 30 September 2011 RMB'000	
	2010 RMB'000		2010 RMB'000	
Interest on bank borrowings wholly repayable within 5 years	-	163	-	5

5. 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 (nine months ended 30 September 2010: Nil) after offsetting against the tax losses brought forward from previous years.

	Nine months ended 30 September 2011 RMB'000 (Unaudited)		2010 RMB'000 (Unaudited)
Current tax – PRC Provision for the period		83	-

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 (2010: Nil).

6. PROFIT/(LOSS) PER SHARE

The calculation of the basic profit per share for the nine months ended 30 September 2011 is based on the profits attributable to equity holders of the Company of approximately RMB14,287,000 (nine months ended 30 September 2010: loss of approximately RMB1,054,000), and the weighted average number of approximately 187,430,000 ordinary shares (30 September 2010: 187,430,000) in issue during the period.

Diluted profit/(loss) per share have not been calculated, as there were no dilutive potential ordinary shares during the relevant period.

7. DIVIDENDS

The Directors of the Company do not recommend the payment of any dividend for the nine months ended 30 September 2011 (2010: Nil).

8. EQUITY

	Attributable to owners of the Company								
	Share capital	Share premium	Capital reserve	Statutory reserve fund	Discretionary common reserve fund	Accumulated loss	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<i>Nine months ended</i>									
<i>30 September 2011</i>									
As 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	-	-	-	-	-	14,225	14,225	62	14,287
Acquisition of a subsidiary	-	-	-	-	-	-	-	296	296
As at 30 September 2011	<u>18,743</u>	<u>10,910</u>	<u>22,799</u>	<u>3,734</u>	<u>1,500</u>	<u>(26,122)</u>	<u>31,564</u>	<u>358</u>	<u>31,922</u>
<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>	<u>-</u>	<u>-</u>

BUSINESS AND FINANCIAL REVIEW

Turnover

For the nine months ended 30 September 2011, the Group recorded a turnover of approximately RMB27,124,000 (for the nine months ended 30 September 2010: RMB16,093,000), representing an increase of approximately 68.54% over the corresponding period of last year. As the economy began to recover, and the management of the Company endeavoured to expand the businesses such that more orders were placed to the sales department. Besides, the revenue increased as a result of the contribution from the newly acquired subsidiary and sale from the new businesses from existing and new customers.

Cost of sales

For the nine months ended 30 September 2011, the Group's cost of sales amounted to approximately RMB21,012,000 (for the nine months ended 30 September 2010: RMB14,398,000), representing an increase of approximately 45.94% over last year. As the revenue increased as a result of the newly acquired subsidiary, the cost of sales climbed up accordingly.

Gross profit

For the nine months ended 30 September 2011, the Group recorded overall gross profit of approximately RMB6,112,000 (for the nine months ended 30 September 2010: gross profit of approximately RMB1,695,000), representing an increase of approximately 260.59% 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 and the gross profit brought by the revenue of the newly acquired subsidiary.

Other income and gains

For the nine months ended 30 September 2011, other income and gains reached approximately RMB12,477,000 (for the nine months ended 30 September 2010: RMB560,000), representing an increase of approximately RMB11,917,000. A reversal of accounts receivable amounted to RMB10,750,000 was included under other income and gains for the nine months ended 30 September 2011 whereas no such item was recorded for the nine months ended 30 September 2010. Other income and gains for the nine months ended 30 September 2010 was primarily comprised revenue from the auction of waste and leasing of property amounted to RMB1,032,000.

Distribution costs

For the nine months ended 30 September 2011, the Group incurred distribution costs of approximately RMB253,000, representing a decrease of approximately 8% over the corresponding period of last year. The decrease in distribution costs was due to the economy of scale and control on the distribution costs.

Administrative expenses

For the nine months ended 30 September 2011, the Group's administrative expenses amounted to approximately RMB3,978,000 (for the nine months ended 30 September 2010: RMB2,871,000), representing an increase of approximately 38.56% over the corresponding period of last year, primarily attributable to the increase in salaries and the new acquisition of a subsidiary.

Finance costs

No finance costs were recorded for the nine months ended 30 September 2011 because the Group had fully repaid the bank borrowings during the year ended 31 December 2010 (nine months ended 30 September 2010: RMB163,000).

Profit for the period

For the nine months ended 30 September 2011, the Group recorded profit for the period of approximately RMB14,287,000 (nine months ended 30 September 2010: loss of RMB1,054,000). Such change indicates that the Group has managed to turnaround and 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 nine months ended 30 September 2011 after offsetting against tax losses brought forward from previous years (nine months ended 30 September 2010: Nil).

No deferred tax was provided as the Group 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 Group can also be applied to many other industries such as medical treatment, automobile and environmental protection, indicating a prosperous prospect. The Group is also endeavouring to develop new products, expand customer resources and other fire-fighting related business.

Future Plan

The Group 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 Group 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 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 (<i>Note 1</i>)	Held by controlled corporation	133,170,000	71.05%

Notes:

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

Save as disclosed above, as at 30 September 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 IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 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 issued share capital
Liancheng Fire-Fighting Group Company Limited	Beneficial owner	131,870,000 (<i>Note 1</i>)	70.36%
	Held by controlled corporation	1,300,000	0.69%
Zhejiang Hengtai Real Estate Joint Stock Co., Ltd. (<i>Note 2</i>)	Held by controlled corporation	133,170,000	71.05%
Mr. Zhou Jin Hui (<i>Note 2</i>)	Held by controlled corporation	133,170,000	71.05%
Victory Investment China Group Ltd.	Beneficial owner	16,628,000	8.87%
Chu Yuet Wah	Held by controlled corporation	16,628,000 (<i>Note 3</i>)	8.87%
Best Forth Limited	Held by controlled corporation	16,628,000 (<i>Note 3</i>)	8.87%
Ample Cheer Limited	Held by controlled corporation	16,628,000 (<i>Note 3</i>)	8.87%
Kingston Finance Limited	Person having a security interest in shares	16,628,000 (<i>Note 3</i>)	8.87%

Notes:

- All represented domestic shares of the Company.
- 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 131,870,000 domestic shares and 1,300,000 H shares in the Company.
- Kingston Finance Limited has a security interest in 16,628,000 H shares of the Company. Ample Cheer Limited, 80% of which is held by Best Forth Limited, holds 100% of Kingston Finance Limited. Chu Yuet Wah holds 100% of Best Forth 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 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 and supervisors of the Company during the nine months ended 30 September 2011 had a material interest, whether directly or indirectly, subsisted at 30 September 2011 or at any time during the nine months ended 30 September 2011.

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

During the nine months ended 30 September 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 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 2011 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, 10 November 2011

As at the date of this report, 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.