



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)

FIRST QUARTERLY REPORT 2012

* *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”, together with its subsidiary, collectively the “Group”) is pleased to announce the unaudited results of the Group for the three months ended 31 March 2012 together with the unaudited comparative figures for the corresponding period in 2011, as follows:

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Three months ended	
		31 March	
	Notes	2012	2011
		RMB'000	RMB'000
Turnover	3	8,544	6,731
Cost of sales		<u>(6,732)</u>	<u>(5,866)</u>
Gross profit		1,812	865
Other revenue and income	3	675	83
Distribution costs		(191)	(72)
Administrative expenses		<u>(1,459)</u>	<u>(1,108)</u>
Profit/(loss) before tax		837	(232)
Income tax expenses	4	<u>(37)</u>	<u>–</u>
Profit/(loss) for the period and total comprehensive income/(loss) for the period		<u>800</u>	<u>(232)</u>
Profit/(loss) for the period and total comprehensive income/(loss) for the period attributable to:			
Owners of the Company		772	(232)
Non-controlling interests		<u>28</u>	<u>–</u>
		<u>800</u>	<u>(232)</u>
Dividend	5	<u>–</u>	<u>–</u>
Earnings/(loss) per share attributable to the owners of the Company (RMB) – Basic (cents)	6	<u>0.0041</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 Group is principally engaged in manufacture and sale of fire-fighting equipment products and provision of fire technology consulting testing and inspection services.

The Directors of the Company are of the opinion that the immediate holding company of the Company be 聯城消防集團股份有限公司, a company established with limited liability in the PRC, and the ultimate holding company of the 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 accompanying unaudited results are prepared in accordance with the International Financial Reporting Standards ("IFRSs") as published by the International Accounting Standard Board ("IASB").

The unaudited first quarterly results for the three months ended 31 March 2012 has 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 2011.

The Group has adopted certain new and revised IFRSs published by the IASB which are effective for the accounting year ending 31 December 2012:

IFRS 7 Amendment	Amendments to IFRS 7 Financial Instruments: Disclosures – Transfers of Financial Assets
IAS 12 Amendment	Amendments to IAS 12 Income Taxes – Deferred Tax: Recovery of Underlying Assets

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 Group's turnover is derived principally from the sales of fire-fighting equipment products and provision of fire technology consulting, testing and inspection services.

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

	Unaudited	
	Three months ended	
	31 March	
	2012	2011
	RMB'000	RMB'000
Turnover		
Sale of goods	8,544	6,731
Other revenue and income		
Sundry income	675	83
Total turnover, other revenue and income	9,219	6,814

4. INCOME TAX

No provision for Hong Kong profits tax have been made as the Group had no assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	Unaudited	
	Three months ended	
	31 March	
	2012	2011
	RMB'000	RMB'000
Current – elsewhere	37	–
Total tax charge for the period	37	–

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 utilized (2011: Nil).

5. DIVIDENDS

The Directors do not recommend the payment of any dividend for the three months ended 31 March 2012 (2011: Nil).

6. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic earnings per share amounts is based on the profit/loss attributable to ordinary equity holders of the Company of RMB772,000 (2011: (RMB232,000)) and on the number of ordinary shares of 187,430,000 (2011: 187,430,000) in issue during the period.

Diluted earnings per share is not presented for the periods ended 31 March 2011 and 2012 as the Group had no potentially dilutive ordinary shares in issue during these periods.

7. RESERVES

	Attributable to owners of the Company									
	Share capital	Share premium	Capital reserve	Discretionary			Accumulated loss	Total	Non-controlling interests	Total
				Statutory reserve fund	common reserve fund	Asset revaluation reserve				
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
<i>31 March 2012</i>										
As at 1 January 2012	18,743	10,910	24,079	5,036	1,500	15,065	(26,801)	48,532	397	48,929
Profit for the period and total comprehensive income for the period	-	-	-	-	-	-	772	772	28	800
As at 31 March 2012	<u>18,743</u>	<u>10,910</u>	<u>24,079</u>	<u>5,036</u>	<u>1,500</u>	<u>15,065</u>	<u>(26,029)</u>	<u>49,304</u>	<u>425</u>	<u>49,729</u>
<i>31 March 2011</i>										
As at 1 January 2011	18,743	10,910	22,799	3,734	1,500	-	(40,347)	17,339	-	17,339
Loss for the period and total comprehensive loss for the period	-	-	-	-	-	-	(232)	(232)	-	(232)
As at 31 March 2011	<u>18,743</u>	<u>10,910</u>	<u>22,799</u>	<u>3,734</u>	<u>1,500</u>	<u>-</u>	<u>(40,579)</u>	<u>17,107</u>	<u>-</u>	<u>17,107</u>

BUSINESS AND FINANCIAL REVIEW

Turnover

For the three months ended 31 March 2012, the Group recorded a turnover of approximately RMB8,544,000 (for the three months ended 31 March 2011: RMB6,732,000), representing an increase of approximately 27% over the corresponding period of last year. The increase was primarily attributable to the effective strategy adopted by the management to cope with changes in the market as well as revenue from provision of fire technology consulting testing and inspection services since the acquisition of the subsidiary in May 2011.

Cost of sales

For the three months ended 31 March 2012, the Group's cost of sales amounted to approximately RMB6,732,000 (for the three months ended 31 March 2011: RMB5,866,000), representing an increase of approximately 15% over the corresponding period of last year. The increase was attributable to the corresponding increase in turnover as well as the cost of services rendered since the acquisition of the subsidiary in May 2011.

Gross profit

For the three months ended 31 March 2012, the Group recorded overall gross profit of approximately RMB1,812,000 (for the three months ended 31 March 2011: RMB865,000), representing an increase of approximately 109% over the corresponding period of last year. The increase was primarily attributable to the corresponding increase in turnover as well as improved control on cost of sales.

Other revenue and income

For the three months ended 31 March 2012, other revenue and income reached approximately RMB675,000 (for the three months ended 31 March 2011: RMB83,000). The increase was mainly attributable from rental income.

Distribution costs

For the three months ended 31 March 2012, the Group generated distribution costs of approximately RMB191,000, representing an increase of approximately 165% over the corresponding period of last year. The increase was primarily attributable to the increase in turnover as well as the distribution costs incurred by the subsidiary upon acquisition in May 2011.

Administrative expenses

For the three months ended 31 March 2012, the Group's administrative expenses amounted to approximately RMB1,459,000 (for the three months ended 31 March 2011: RMB1,108,000), representing an increase of approximately 32% over the corresponding period of last year. The increase was mainly attributable to engaged in the provision of fire technology consulting testing and inspection services since the acquisition of the subsidiary in May 2011.

Finance costs

During the period, the Group had no finance cost (for the three months ended 31 March 2011: Nil).

Profit for the period

For the three months ended 31 March 2012, the Group recorded profit for the period of approximately RMB772,000 (for the three months ended 31 March 2011: loss for the period of RMB232,000). Such change indicates that the Group's results have turned around to record a profit from the corresponding period of year 2011.

Income tax

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

No deferred tax was recognised in respect of tax losses due to the unpredictability of future profit streams.

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 31 March 2012, 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%

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 70% 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 31 March 2012, none of the Directors and supervisors of the Company had 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 31 March 2012, the following persons (other than the Directors and supervisors of the Company) have 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 <i>(Note 1)</i>	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 <i>(Note 2)</i>	71.05%
Mr. Zhou Jin Hui	Held by controlled corporation	133,170,000 <i>(Note 2)</i>	71.05%
Victory Investment China Group Ltd.	Beneficial owner	16,628,000	8.87%
Chu Yuet Wah	Held by corporation	16,628,000 <i>(Note 3)</i>	8.87%

Name of Shareholders	Capacity	Number of shares	Approximate percentage of total registered share capital
Best Forth Limited	Held by corporation	16,628,000 (Note 3)	8.87%
Ample Cheer Limited	Held by corporation	16,628,000 (Note 3)	8.87%
Kingston Finance Limited	Person having a security interest in shares	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. Zhejiang Hengtai Real Estate Joint Stock Co., Ltd. owns 70% 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 133,170,000 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.

Save as disclosed above, the Company has not been notified of any other relevant interests representing 5 percent or more in the issued share capital of the Company as at 31 March 2012.

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 3 months ended 31 March 2012 had a material interest, whether directly or indirectly, subsisted at 31 March 2012 or at any time during the 3 months ended 31 March 2012.

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

During the three months ended 31 March 2012, 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 wishes 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 regarding the 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 three months ended 31 March 2012 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, 7 May 2012

As at the date of this report, the executive Directors are Mr. Zhou Jin Hui, Mr. Gong Xu Lin and Mr. Shen Jian Zhong; 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.