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 2018

* *For identification purpose only*

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Zhou Jin Hui
Mr. Shi Hui Xing
Mr. Zhou Guo Ping

Independent Non-Executive Directors

Mr. Song Zi Zhang
Mr. Wang Guo Zhong
Mr. Yang Chun Bao

AUDIT COMMITTEE

Mr. Yang Chun Bao
Mr. Song Zi Zhang
Mr. Wang Guo Zhong

AUTHORISED REPRESENTATIVE

Mr. Chan Chi Wai Benny
Mr. Shi Hui Xing

COMPANY SECRETARY

Mr. Chan Chi Wai Benny

AUDITORS

Ascenda Cachet CPA Limited

PRINCIPAL BANKERS

China Construction Bank Huaxin Sub-branch
Shanghai Rural Commercial Bank Co., Ltd Chonggu branch

H SHARE SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
46th Floor, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

REGISTERED OFFICE

1988 Jihe Road
Hua Xin Town
Qingpu District, Shanghai
People's Republic of China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 2605, Island Place Tower
510 King's Road
North Point Hong Kong

QUARTERLY RESULTS (UNAUDITED)

The Board of Directors (the "Board") of Shanghai Qingpu Fire-Fighting Equipment Co., Ltd. (the "Company", and together with its subsidiaries, collectively the "Group") presents the unaudited results of the Group for the three months ended 31 March 2018 together with the unaudited comparative figures for the corresponding period in 2017, as follows:

		Unaudited Three months ended 31 March	
		2018	2017
	Notes	***RMB'000***	*RMB'000*
Revenue	*3*	**15,866**	16,396
Cost of sales		**(12,718)**	(12,512)
Gross profit		**3,148**	3,884
Other income and gains	*3*	**400**	648
Selling and distribution expenses		**(599)**	(965)
Administrative expenses		**(4,285)**	(4,203)
Finance cost		**(5)**	(5)
Loss before tax		**(1,341)**	(641)
Income tax expense	*4*	**(91)**	(119)
Loss for the period and total comprehensive loss for the period		**(1,432)**	(760)
Attributable to:			
Owners of the Company		**(1,362)**	(727)
Non-controlling interests		**(70)**	(33)
		(1,432)	(760)
Loss per share attributable to ordinary equity holders of the Company (RMB)			
— Basic (cents)	*5*	**(0.73)**	(0.39)
— Diluted (cents)		**(0.73)**	(0.39)

Notes:

1. GENERAL

Shanghai Qingpu Fire-Fighting Equipment Co., Ltd. (the "Company") was established in the People's Republic of China (the "PRC") and was transformed into a joint stock limited liability company on 1 December 2000 and was renamed as Shanghai Qingpu Fire-Fighting Equipment Co., Ltd. ("上海青浦消防器材股份有限公司"). The registered office of the Company is located at No. 1988, Jihe Road, Hua Xin Town, Qingpu District, Shanghai, the PRC and its principal place of business in Hong Kong is situated at Unit 2605, Island Place Tower, 510 King's Road, North Point, Hong Kong.

The Company's H shares are listed on the GEM of The Stock Exchange of Hong Kong Limited.

During the period, the Group was involved in the following principal activities:

- manufacture and sale of pressure vessels (including fire-fighting equipment products and pressure vessels);
- provision of fire technology inspection services;
- manufacture and trading of iron casted grooved couplings;
- trading of sanitary-ware and other products;
- sales of aquarium products; and
- marine fire-fighting equipment installation and inspection.

In the opinion of the directors, the Company's immediate holding company is 聯城消防集團股份有限公司 (literally translated as "Liancheng Fire-Fighting Group Joint Stock Co., Ltd.," "Liancheng"), which is a limited liability company established in the PRC, and the ultimate holding company is 浙江恒泰房地產有限公司 (literally translated as "Zhejiang Hengtai Real Estate Company Limited", "Zhejiang Hengtai"), which is a limited liability company established in the PRC.

2. PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRSs") (which include all International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations) issued by the International Accounting Standards Board ("IASB") and the Rules Governing the Listing of Securities on the GEM (the "GEM Listing Rules"). The financial information has been prepared under the historical convention, except for investment properties which are measured at fair value.

The unaudited condensed financial statements for the three months ended 31 March 2018 are unaudited, but have been reviewed by the audit committee of the Company.

The accounting policies adopted are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2017.

The IASB has issued several amendments to IFRSs that are first effective for the current accounting period of the Group. None of these developments has had a material effect on how the Group's results for the current or prior periods have been prepared or presented in this report.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3. TURNOVER, OTHER INCOME AND GAINS

Revenue, represents the net invoiced value of sales of goods, provision of fire technology inspection services, commission income, and provision of marine fire-fighting equipment installation and inspection services, net of business tax, value-added tax, trade discounts and returns during the period.

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

	Unaudited Three months ended 31 March	
	2018	2017
	RMB'000	*RMB'000*
Revenue		
Sales of pressure vessels	**9,216**	10,231
Inspection service fees	**2,043**	1,871
Sales of aquarium products	**2,184**	1,719
Commission income on trading of sanitary-ware and other products	**–**	355
Sales of marine fire-fighting equipment	**2,101**	1,941
Marine fire-fighting equipment inspection service fees	**322**	279
	15,866	16,396
Other income and gains		
Interest income	**10**	3
Income from investment products	**–**	76
Gross rental income	**–**	425
Sales of scraps	**7**	144
Government grant	**383**	–
	400	648
Total revenue, other income and gains	**16,266**	17,044

4. 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 three months ended 31 March 2018 (three months ended 31 March 2017: Nil).

Under the Corporate Income Tax Law, the corporate income tax ("CIT") rate is calculated at a rate of 25% (three months ended 31 March 2017: 25%) on the Group's estimated assessable profits for the three months ended 31 March 2018.

Two (three months ended 31 March 2017: two) of the Company's subsidiaries and a branch of a subsidiary have been designated as small-scale enterprises. Pursuant to the notice of the Ministry of Finance and the State Administration of Taxation on Preferential Income Tax Policies for Small Low-Profit Enterprises, one subsidiary and the branch of a subsidiary, 上海荻野生物科技有限公司 (literally as "Shanghai Ogino Biotechnology Co., Limited") were subject to the concessionary CIT rates of 10% of assessable profits (i.e. 20% on the 50% assessable profits), while another subsidiary was 1% of its revenue (i.e. at a rate of 25% on 4% of its revenue), for the three months ended 31 March 2018.

	Unaudited Three months ended 31 March	
	2018	2017
	RMB'000	*RMB'000*
Current tax — PRC:		
Provision for the period	**91**	119

For the three months ended 31 March 2018, the unrecognised deferred tax assets in respect of tax benefits from unrecognised tax losses of the Group are approximately RMB716,000 (three months ended 31 March 2017: approximately RMB506,000). The Group did not have other material unprovided deferred tax for the three months ended 31 March 2018 and 2017 as the temporary differences are immaterial.

5. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic loss per share for the three months ended 31 March 2018 is based on the loss attributable to equity holders of the Company of approximately RMB1,362,000 (three months ended 31 March 2017: RMB727,000), and on the number of 187,430,000 (31 March 2017: 187,430,000) ordinary shares in issue during the period.

No adjustment has been made to the basic loss per share amounts for the three months ended 31 March 2018 and 2017 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during those periods.

6. DIVIDEND

No dividend have been paid or declared by the Group during the three months ended 31 March 2018 (three months ended 31 March 2017: Nil).

7. EQUITY

	Attributable to owners of the Company									
	Share capital *RMB'000*	Share premium *RMB'000*	Capital reserve *RMB'000*	Statutory reserve fund *RMB'000*	Discretionary common reserve fund *RMB'000*	Asset revaluation reserve *RMB'000*	Accumulated losses *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
As at 1 January 2018	18,743	10,910	43,655	6,786	1,500	11,299	(7,730)	85,163	44	85,207
Loss for the period and total comprehensive loss for the period	–	–	–	–	–	–	(1,362)	(1,362)	(70)	(1,432)
As at 31 March 2018	18,743	10,910	43,655	6,786	1,500	11,299	(9,092)	83,801	(26)	83,775
As at 1 January 2017:	18,743	10,910	43,655	6,661	1,500	11,299	(7,375)	85,393	(1,019)	84,374
Loss for the period and total comprehensive loss for the period	–	–	–	–	–	–	(727)	(727)	(33)	(760)
As at 31 March 2017	18,743	10,910	43,655	6,661	1,500	11,299	(8,102)	84,666	(1,052)	83,614

8. RELATED PARTY TRANSACTIONS

The Group had the following material transactions with related parties, which also constitute continuing connected transactions under the GEM Listing Rules, during the period:

	Unaudited Three months ended 31 March	
	2018	2017
	RMB'000	*RMB'000*
Sales of goods		
中聯城消防科技集團有限公司 (literally translated as "Zhong Lian Cheng Fire-Fighting Technology Group Company Limited", "ZLCFT")	**–**	560
上海石化消防工程有限公司 (literally translated as "Shanghai Petro-Chemical Fire-fighting Engineering Company Limited", "SPFE")	**–**	6
上海聯滬消防器材有限公司 (literally translated as "Shanghai Lianhu Fire-fighting Equipment Company Limited", "SLFE")	**32**	5
	32	571
Inspection services income		
SPFE	**103**	75

In the opinion of the board of directors, the above transactions were carried out in the normal course of business of the Group and at prices and terms comparable with those charged by and contracted with third parties.

BUSINESS AND FINANCIAL REVIEW

Turnover

For the three months ended 31 March 2018, the Group recorded a turnover of approximately RMB15,866,000 (three months ended 31 March 2017: RMB16,396,000), representing a decrease of approximately 3% over the corresponding period of last year mainly as no sales were generated from the trading of sanitary-ware and other products and the decrease in selling of pressure vessels.

Gross profit

For the three months ended 31 March 2018, the Group recorded overall gross profit of approximately RMB3,148,000 (three months ended 31 March 2017: RMB3,884,000). The gross profit ratio decreased from approximately 23% for the three months ended 31 March 2017 to 20% for the three months ended 31 March 2018 mainly because of the decrease in selling price to maintain competitiveness.

Other income and gains

Other income and gains for the three months ended 31 March 2018 decreased by approximately RMB248,000 from RMB648,000 for the three months ended 31 March 2017 to approximately RMB400,000. This is mainly due to the decrease in rental income and sale of scraps, which was partially offset by the government grant.

Selling and distribution expenses

For the three months ended 31 March 2018, the Group's selling and distribution expenses decreased to approximately RMB599,000 from RMB965,000, representing an decrease of 38% over the corresponding period of last year. This is mainly because of the decrease in selling of pressure vessels.

Administrative expenses

For the three months ended 31 March 2018, the Group's administrative expenses were basically flat at approximately RMB4,285,000 (three months ended 31 March 2017: RMB4,203,000), mainly comprised of salaries, rental expenses and other office expenses.

Finance costs

For the three months ended 31 March 2018, the Group's finance costs were RMB5,000 (three months ended 31 March 2017: RMB5,000).

Loss for the period

At a result of the above, for the three months ended 31 March 2018, the Group recorded a loss for the period of approximately RMB1,432,000 (three months ended 31 March 2017: loss RMB760,000).

Income tax

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

The CIT is calculated on the estimated assessable profits at 25% for the three months ended 31 March 2018 (three months ended 31 March 2017: 25%).

The effective tax rate of the Group is (7)% for the three months ended 31 March 2018 (three months ended 31 March 2017: (19)%). It is due to a net loss in a subsidiary offset net profits arising from other subsidiaries of the Group.

Non-controlling interests

For the three months ended 31 March 2018, loss for the period attributable to non-controlling interests is approximately RMB70,000 (three months ended 31 March 2017: loss RMB33,000).

PROSPECT

On 10 October 2017, the Fire Department of the Ministry of Public Security of China issued the Guiding Opinion on Advancing of the Building of "Smart Fire-Fighting" (Gong Xiao [2017] No. 297). According to the Guiding Opinion, by the end of 2018, remote monitoring systems that connect fire-fighting equipment shall be in place on all cities at prefecture level or above. For cities that have systems connecting the Internet of Things for fire-fighting equipment, more than 70% units which have high fire hazards and high-rises which are equipped with automatic fire equipment should be connected to the system by the end of 2017. By the end of 2018, all such units and high rises should be connected to the system. The Company's fire extinguisher products cover three categories, carbon dioxide, water-based, and dry powder. The wide product range offered by the Company can meet the diversified needs of the customers. The new Guiding Opinion will be a driver for the Group's fire extinguisher products. In addition, the Company's fire extinguishers for non-marine use are granted the Certificate for Product Type Approval by the CCCF and its fire extinguishers for marine use are granted the Certificates of Type Approval by the China Classification Society, Shanghai Branch ("CCS"). The Company's pressure cylinders have obtained the manufacture licence in the PRC and they meet the quality standards or requirements of the USA and the European Union.

Measures have been and will be implemented continuously to improve the operation efficiency and to control production costs. Production will be more focused on higher-margin products. With the economic industry requirements expected to tighten in China, the Company will continue to improve the profitability of the Group by increasing the operation efficiency and seeking for new business opportunities in fire-fighting industry.

Pursuant to the Letter on Confirmation of Land Redevelopment Proposal of Urban Villages located at Xin Lian Village and Mao Jia Jiao Village, Zhonggu Town, Qingpu District, Shanghai (《上海城鄉建設和管理委員會關於確認青浦區重固鎮新聯村、毛家角村 "城中村"改造地塊實施方案的函》)(the "Land Zhonggu Redevelopment Proposal") issued by the Shanghai Urban-Rural Construction and Management Commission and based on the discussion between the management and the relevant government officials, it has been confirmed that the Zhonggu Factories had been included in the Zhonggu Land Redevelopment Proposal. The government and the Group have not yet agreed on any special schedule or compensation proposal for resumption of the Zhonggu Factories. The Zhonggu Factories are currently leased to a third party.

We have not received any information from the government since we made the announcement on 29 January 2016, in relation to the land resumption.

In 2017, the Company's subsidiary, Shanghai Yuanfeng Pressure Cylinder Co. Ltd. (上海元奉高壓容器有限公司) ("Yuanfeng"), received a notice from Shanghai Fengxian District Nanqiao Town Collection Management Office (《奉賢區南橋鎮徵收管理辦公室》), certain leased land and buildings are included in the land redevelopment plan. It is confirmed that the factory leased by Yuanfeng is included in the land redevelopment plan. However, the government has not yet formulated any specific schedule or compensation proposal for resumption. We are planning to move the production in Yuanfeng to its fellow subsidiaries to make sure there is no material impact on the daily operations of the Group.

LONG TERM STRATEGY

We believe that the Company, with our experienced management team, firm and clear development directions, the manufacturing of quality products and the provision of quality services, will be able to sharpen the competitive edge. The Company will continue to develop new market of higher-margin products/businesses and also prudently consider acquiring relevant enterprises which possess sound profitability by way of capital increment in accordance with the relevant laws and regulations in order to accelerate the growth of our profitability so that the Company will become a major enterprise in the manufacturing, sale of fire-fighting equipment and relevant business service provider in the PRC and overseas.

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

As at 31 March 2018, 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 hold 131,870,000 domestic shares of the Company. Liancheng Fire Protection Group (Hong Kong) Company Limited, a 100% subsidiary of Liancheng, holds 1,300,000 H shares of the Company. Zhejiang Hengtai owns 80% of Liancheng and Mr. Zhou Jin Hui owns 58% of Zhejiang Hengtai. Accordingly, Mr. Zhou Jin Hui is 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 2018, 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 31 March 2018, the following persons (other than the Director 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	Capacity	Number of shares	Approximate percentage of Share capital total registered
Liancheng Fire-Fighting Group Company Limited *(Note 3)*	Beneficial owner	131,870,000 *(Note 1)*	70.36%
	Held by controlled corporation	1,300,000 *(Note 2)*	0.69%
Zhejiang Hengtai Real Estate Joint Stock Co., Ltd.	Held by controlled corporation	131,870,000 *(Note 1)*	70.36%
	Held by controlled corporation	1,300,000 *(Note 2)*	0.69%

Notes:

1. All represent domestic shares of the Company.

2. Liancheng hold 131,870,000 domestic shares of the Company. Liancheng Fire Protection Group (Hong Kong) Company Limited, a wholly-owned subsidiary of Liancheng, holds 1,300,000 H shares of the Company. Zhejiang Hengtai owns 80% of Liancheng. Accordingly, Zhejiang Hengtai is deemed to be interested in 131,870,000 domestic shares and 1,300,000 H shares in the Company.

3. On 12 January 2017, the board of directors of the Company was notified that, an aggregate of 131,870,000 domestic shares of the Company (the "Pledged Shares") held by Liancheng have been pledged in favour of an independent third party (the "Lender") as a security for a loan amount of RMB198,000,000 provided by the Lender to Liancheng (the "2017 Loan"). The Pledged Shares will be released if Liancheng makes a partial repayment amounting to RMB63,000,000 to the Lender. Relevant shares pledge registration procedures have been completed with China Securities Depository and Clearing Corporation Limited. As of 12 January 2017 and the date of this report, the Pledged Shares represent approximately 70.36% and 100% of the issued share capital and domestic shares of the Company, respectively.

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 31 March 2018.

DIRECTORS' AND SUPERVISORS' INTERESTS IN CONTRACTS

To the best knowledge of the Board, save as disclosed in note 8 of this report, 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 three months ended 31 March 2018 had a material interest, whether directly or indirectly, subsisted at 31 March 2018 or at any time during the three months ended 31 March 2018.

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

During the three months ended 31 March 2018, the Company did not purchase, sell or redeem any of the Company's listed securities.

CORPORATE GOVERNANCE

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 period.

(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 three independent non-executive Directors, namely Mr. Yang Chun Bao, Mr. Wang Guo Zhong and Mr. Song Zi Zhang.

The Audit Committee has reviewed the Group's unaudited results for the three months ended 31 March 2018 and has provided advice and comments thereon.