



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 2017**

**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.

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INTERIM RESULTS (UNAUDITED)

The Board of Directors (the “Board”) of Shanghai Qingpu Fire-Fighting Equipment Co., Ltd. (the “Company”, together with its subsidiaries, collectively the “Group”) is pleased to announce the unaudited consolidated results of the Group for the six months ended 30 June 2017. For the six months ended 30 June 2017, the unaudited revenue is approximately RMB36,248,000, representing a decrease of approximately RMB3,516,000 or approximately 8.8% as compared with that of the same period in 2016. Loss attributable to owners of the Company was approximately RMB255,000 for the six months ended 30 June 2017 while the loss attributable to owners of the Company was approximately RMB962,000 for the corresponding period in 2016.

The unaudited condensed consolidated financial statements of the Group for the three months and six months ended 30 June 2017 together with the unaudited comparative figures for the corresponding period in 2016 are as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

	<i>Notes</i>	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
		2017 <i>RMB'000</i>	2016 <i>RMB'000</i>	2017 <i>RMB'000</i>	2016 <i>RMB'000</i>
Revenue	4	19,852	19,386	36,248	39,764
Cost of sales		(14,149)	(14,533)	(26,661)	(31,172)
Gross profit		5,703	4,853	9,587	8,592
Other income and gains	4	148	77	796	536
Selling and distribution expenses		(995)	(873)	(1,960)	(1,644)
Administrative expenses		(3,462)	(3,762)	(7,665)	(7,962)
Finance cost		(16)	(129)	(21)	(137)
Profit/(loss) before tax	5	1,378	166	737	(615)
Income tax expense	6	(445)	(250)	(564)	(458)
Profit/(loss) for the period and total comprehensive income/ (loss) for the period		933	(84)	173	(1,073)
Attributable to:					
Owners of the Company		472	(197)	(255)	(962)
Non-controlling interests		461	113	428	(111)
		933	(84)	173	(1,073)
Earnings/(loss) per share attributable to ordinary equity holders of the Company	8				
— Basic (<i>RMB cent(s)</i>)		0.25	(0.11)	(0.14)	(0.51)
— Diluted (<i>RMB cent(s)</i>)		0.25	(0.11)	(0.14)	(0.51)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	Unaudited as at 30 June 2017 RMB'000	Audited as at 31 December 2016 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		14,630	15,288
Investment properties		23,270	23,270
Prepaid land lease payments		110	112
Goodwill	9	4,211	4,211
Intangible assets		1,485	1,575
		<hr/>	<hr/>
Total non-current assets		43,706	44,456
CURRENT ASSETS			
Inventories		12,411	12,641
Trade and bills receivables	10	42,318	43,333
Prepayments, deposits and other receivables		10,489	8,029
Due from related companies		880	847
Cash and cash equivalents		17,786	17,512
		<hr/>	<hr/>
Total current assets		83,884	82,362
CURRENT LIABILITIES			
Trade payables	11	14,915	12,449
Other payables and accruals		9,531	11,143
Due to the immediate holding company	12	906	906
Due to non-controlling interests		1,451	1,451
Due to a related company		2,798	2,798
Tax payables		249	504
		<hr/>	<hr/>
Total current liabilities		29,850	29,251
NET CURRENT ASSETS		<hr/> 54,034 <hr/>	<hr/> 53,111 <hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		<hr/> 97,740 <hr/>	<hr/> 97,567 <hr/>

		Unaudited as at 30 June 2017 RMB'000	Audited as at 31 December 2016 RMB'000
	<i>Notes</i>		
NON-CURRENT LIABILITIES			
Loan from the immediate holding company	<i>12</i>	7,800	7,800
Deferred tax liabilities		5,393	5,393
		<hr/>	<hr/>
Total non-current liabilities		13,193	13,193
		<hr/>	<hr/>
Net assets		84,547	84,374
		<hr/> <hr/>	<hr/> <hr/>
EQUITY			
Equity attributable to owners of the Company			
Issued capital		18,743	18,743
Reserves		66,395	66,650
		<hr/>	<hr/>
		85,138	85,393
		<hr/>	<hr/>
Non-controlling interests		(591)	(1,019)
		<hr/>	<hr/>
Total equity		84,547	84,374
		<hr/> <hr/>	<hr/> <hr/>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company									
	Issued capital <i>RMB'000</i>	Share premium* <i>RMB'000</i>	Capital reserve* <i>RMB'000</i>	Discretionary			Accumulated losses* <i>RMB'000</i>	Total <i>RMB'000</i>	Non- controlling interests <i>RMB'000</i>	Total equity <i>RMB'000</i>
				Statutory	common	Asset				
				reserve fund* <i>RMB'000</i>	reserve fund* <i>RMB'000</i>	revaluation reserve* <i>RMB'000</i>				
<i>Six months ended 30 June 2017</i>										
Balance at 1 January 2017	18,743	10,910	43,655	6,661	1,500	11,299	(7,375)	85,393	(1,019)	84,374
Profit/(loss) for the period and total comprehensive income/(loss) for the period	-	-	-	-	-	-	(255)	(255)	428	173
Balance at 30 June 2017	<u>18,743</u>	<u>10,910</u>	<u>43,655</u>	<u>6,661</u>	<u>1,500</u>	<u>11,299</u>	<u>(7,630)</u>	<u>85,138</u>	<u>(591)</u>	<u>84,547</u>
<i>Six months ended 30 June 2016</i>										
Balance at 1 January 2016	18,743	10,910	43,655	6,443	1,500	11,299	(7,474)	85,076	(378)	84,698
Loss for the period and total comprehensive loss for the period	-	-	-	-	-	-	(962)	(962)	(111)	(1,073)
Balance at 30 June 2016	<u>18,743</u>	<u>10,910</u>	<u>43,655</u>	<u>6,443</u>	<u>1,500</u>	<u>11,299</u>	<u>(8,436)</u>	<u>84,114</u>	<u>(489)</u>	<u>83,625</u>

* These reserve accounts comprise the consolidated reserves of approximately RMB66,395,000 (30 June 2016: RMB65,371,000) in the condensed consolidated statement of financial position.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited	
	Six months ended	
	30 June	
	2017	2016
	<i>RMB'000</i>	<i>RMB'000</i>
Net cash flows from/(used in) operating activities	417	(9,979)
Net cash flows used in investing activities	(30)	(5,988)
Net cash (used in)/flows from financing activities	(113)	7,510
Net increase/(decrease) in cash and cash equivalents	274	(8,457)
Cash and cash equivalents at beginning of period	17,512	28,499
Cash and cash equivalents at end of period	17,786	20,042

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 limited liability company on 1 December 2000. It 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.

On 30 June 2004, 55,560,000 new H shares in the Company were issued and listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

During the period, the Group’s principal activities are set out in note 3.

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 consolidated 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 of the Stock Exchange of Hong Kong Limited (“GEM Listing Rules”). The financial information has been prepared under the historical convention, except for investment properties that are measured at fair value.

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 2016.

New and revised IFRSs

In the current interim period, the Group has adopted, for the first time, the following new and revised standards and interpretations (the “new and revised IFRSs”) published by the IASB which are effective for up to the accounting year ending 31 December 2017:

Amendments to IAS 7	Disclosure Initiative
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses

The adoption of these new and revised IFRSs had not had any significant impact on the results and financial position of the Group.

Issued but not yet effective International Financial Reporting Standards

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these consolidated financial statements:

IFRS 9	Financial Instrument ¹
IFRS 15	Revenue from Contracts with Customers ¹
IFRS 16	Leases ²

¹ Effective for annual periods beginning on or after 1 January 2018

² Effective for annual periods beginning on or after 1 January 2019

The Group is in the process of assessing the impact of these standards, amendments and interpretations on the consolidated financial statements of the Group. The adoption of the above is not expected to have a material impact on the consolidated financial statements of the Group.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has seven (six months end 30 June 2016: seven) reportable operating segments as follows:

- (i) Fire-fighting equipment segment — manufacture and sale of pressure vessels (including fire-fighting equipment products and pressure vessels products);
- (ii) Inspection services segment — provision of fire technology inspection services;
- (iii) Grooved couplings segment — manufacture and trading of iron casted grooved couplings (which has remained dormant during the period);
- (iv) Trading segment — trading of sanitary-ware and other products and commission income;
- (v) Aquarium products segment — sale of aquarium products;
- (vi) Marine fire-fighting segment — marine fire-fighting equipment installation and inspection; and
- (vii) Property investment segment — invests in office building and industrial properties for its rental income potential.

Management monitors the results of the Group’s operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group’s profit/(loss) before tax except that interest income and finance costs, as well as head office and corporate expenses are excluded from such measurement.

The Group operates principally in the PRC. Over 90% of the Group's revenue is derived from sales of goods and rendering of services in the PRC and over 90% of the Group's assets are located in the PRC. Accordingly, no further disclosures by reportable segments based on geographical segment were made.

Segment liabilities exclude amount due to/loan from immediate holding company, amounts due to non-controlling interests and a related company, tax payables and deferred tax liabilities as these liabilities are managed on a group basis.

**Six months ended 30 June 2017
(Unaudited)**

	Fire fighting equipment <i>RMB'000</i>	Marine fire-fighting <i>RMB'000</i>	Inspection services <i>RMB'000</i>	Aquarium products <i>RMB'000</i>	Trading <i>RMB'000</i>	Property investment <i>RMB'000</i>	Total <i>RMB'000</i>
Segment revenue:							
Sales/services provided to external customers	20,630	5,302	5,857	4,104	355	-	36,248
Gross rental income	-	-	-	-	-	425	425
	<u>20,630</u>	<u>5,302</u>	<u>5,857</u>	<u>4,104</u>	<u>355</u>	<u>425</u>	<u>36,673</u>
Segments results	(792)	22	812	1,080	355	425	1,902
Reconciliation:							
Interest income							3
Income from investment products							134
Corporate and unallocated expenses							<u>(1,302)</u>
Profit before tax							<u>737</u>
Segment assets	51,602	7,645	10,178	5,745	29,150	23,270	127,590
Unallocated assets							-
Total assets							<u>127,590</u>
Segment liabilities	15,333	4,038	2,864	555	1,656	-	24,446
Unallocated liabilities							<u>18,597</u>
Total liabilities							<u>43,043</u>
Capital expenditure*	-	-	-	-	-	-	-
Depreciation and amortisation	<u>469</u>	<u>-</u>	<u>207</u>	<u>93</u>	<u>-</u>	<u>-</u>	<u>769</u>

**Six months ended 30 June 2016
(Unaudited)**

	Fire fighting equipment RMB'000	Marine fire-fighting RMB'000	Inspection services RMB'000	Aquarium products RMB'000	Trading RMB'000	Property investment RMB'000	Total RMB'000
Segment revenue:							
Sales/services provided to external customers	23,033	3,778	5,706	2,448	4,799	–	39,764
Gross rental income	–	–	–	–	–	425	425
	<u>23,033</u>	<u>3,778</u>	<u>5,706</u>	<u>2,448</u>	<u>4,799</u>	<u>425</u>	<u>40,189</u>
Segments results	(2,437)	267	1,335	5	800	425	395
Reconciliation:							
Corporate and unallocated expenses							<u>(1,010)</u>
(Loss) before tax							<u>(615)</u>
Segment assets	74,291	7,188	12,753	4,533	10,254	22,630	131,649
Unallocated assets							<u>–</u>
Total assets							<u>131,649</u>
Segment liabilities	15,998	5,029	1,097	510	–	–	22,634
Unallocated liabilities							<u>25,390</u>
Total liabilities							<u>48,024</u>
Capital expenditure*	–	–	–	–	95	–	95
Depreciation and amortisation	<u>481</u>	<u>101</u>	<u>–</u>	<u>180</u>	<u>–</u>	<u>–</u>	<u>762</u>

* Capital expenditure consists of additions to property, plant and equipment.

Information about a major customer

For the six months ended 30 June 2017 and 2016, there was no revenue from sales to any single external customer that contributed over 10% of the Group's total revenue.

4. REVENUE, OTHER INCOME AND GAINS

Revenue represents income arising from the Group's principal activities, being manufacture and sale of pressure vessels (including fire-fighting equipment products and pressure vessels products), provision of fire technology inspection services, trading of iron casted grooved couplings, sale of aquarium products, commission income from trading of sanitary-ware and other products and marine fire-fighting equipment installation and inspection, 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 30 June		Unaudited Six months ended 30 June	
	2017 RMB'000	2016 RMB'000	2017 RMB'000	2016 RMB'000
Revenue				
Sale of pressure vessels	10,399	11,482	20,630	23,033
Inspection service fees	3,707	3,267	5,578	5,706
Commission income on trading of sanitary-ware and other products	–	1,950	355	4,799
Sale of aquarium products	2,385	1,470	4,104	2,448
Sale of marine fire-fighting equipment	3,361	1,217	5,302	3,778
Marine fire-fighting equipment inspection fees	–	–	279	–
	<u>19,852</u>	<u>19,386</u>	<u>36,248</u>	<u>39,764</u>
Other income and gains				
Interest income	–	77	3	86
Income from investment products	58	–	134	–
Gross rental income	–	–	425	425
Sales of scraps	90	–	234	25
	<u>148</u>	<u>77</u>	<u>796</u>	<u>536</u>
Total revenue, other income and gains	<u>20,000</u>	<u>19,463</u>	<u>37,044</u>	<u>40,300</u>

5. PROFIT/(LOSS) BEFORE TAX

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

	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	2017 RMB'000	2016 RMB'000	2017 RMB'000	2016 RMB'000
Amortisation of prepaid land lease payment	1	1	2	2
Amortisation of intangible assets	45	45	90	90
Depreciation on property, plant and equipment	338	336	677	672
Operating lease rentals for land and buildings	125	112	250	224
Staff costs	3,610	4,044	7,220	8,430
Auditors' remuneration	–	–	–	–
	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>

6. 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 six months ended 30 June 2017 (six months ended 30 June 2016: Nil).

Under the Corporate Income Tax Law, the corporate income tax (“CIT”) rate is calculated at a rate of 25% (six months ended 30 June 2016: 25%) on the Group’s estimated assessable profits for the six months ended 30 June 2017.

Two of the Company’s subsidiaries 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, these two subsidiaries were subject to the concessionary CIT rates of 10% of assessable profits (i.e. 20% on the 50% assessable profits) and 1% of its revenue (i.e. at a rate of 25% on 4% of its revenue), respectively, for the six months ended 30 June 2017 and 2016.

	Unaudited		Unaudited	
	Three months ended		Six months ended	
	30 June		30 June	
	2017	2016	2017	2016
	RMB’000	RMB’000	RMB’000	RMB’000
Current tax — PRC				
Provision for the period	<u>445</u>	<u>250</u>	<u>564</u>	<u>458</u>

For the six months ended 30 June 2017, the unrecognised deferred tax assets in respect of tax benefits from unrecognised tax losses of the Group is approximately RMB358,000 (six months ended 30 June 2016: approximately RMB609,000). The Group did not have any material unprovided deferred tax for the six months ended 30 June 2017 and 2016 as the temporary differences are immaterial.

7. DIVIDEND

No dividend have been paid or declared by the Group during the six months ended 30 June 2017 (six months ended 30 June 2016: Nil).

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

The calculation of the profit per share for the three months ended 30 June 2017 is based on the profit attributable to ordinary equity holders of the Company of approximately RMB472,000 (three months ended 30 June 2016: loss of approximately RMB197,000), and on the number of 187,430,000 (30 June 2016: 187,430,000) ordinary shares in issue during the period.

The calculation of the loss per share for the six months ended 30 June 2017 is based on the loss attributable to ordinary equity holders of the Company of approximately RMB255,000 (six months ended 30 June 2016: loss of approximately RMB962,000), and on the number of 187,430,000 (30 June 2016: 187,430,000) ordinary shares in issue during the period.

No adjustment has been made to the basic earnings/(loss) per share amounts for three months and six months ended 30 June 2017 and 2016 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during those periods.

9. GOODWILL

	<i>RMB'000</i>
At 1 January 2016	–
Goodwill arising from acquisition of a subsidiary: Shanghai An Hang	4,211
	<u>4,211</u>
Net carrying amount at 31 December 2016	<u>4,211</u>
At 31 December 2016 (audited)	
Cost	4,211
Accumulated impairment	–
	<u>4,211</u>
Net carrying amount	<u>4,211</u>
At 30 June 2017 (unaudited)	
Cost	4,211
Accumulated impairment	–
	<u>4,211</u>
Net carrying amount	<u>4,211</u>

10. TRADE AND BILLS RECEIVABLES

	Unaudited 30 June 2017 RMB'000	Audited 31 December 2016 RMB'000
Trade receivables	43,608	41,990
Less: impairment	(1,978)	(1,978)
	<u>41,630</u>	<u>40,012</u>
Bills receivable	688	3,321
	<u>42,318</u>	<u>43,333</u>

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 months, extending up to half year for major customers. The Group's trading terms for marine fire-fighting equipment installation and inspection business, which generally has credit terms up to 2 years, due to the long production period of vessel. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables in order to minimise credit risk. Overdue balances are reviewed regularly by senior management. Trade receivables are non-interest-bearing.

An aged analysis of the trade receivables as at 30 June 2017, based on the invoice date, is as follows:

	Unaudited 30 June 2017 <i>RMB'000</i>	Audited 31 December 2016 <i>RMB'000</i>
Within 1 month	3,818	8,245
1 to 2 months	3,705	5,622
2 to 3 months	4,728	2,945
3 to 6 months	4,334	9,039
6 to 12 months	2,643	13,960
1 to 2 years	15,497	2,835
Over 2 years	7,593	687
	42,318	43,333

11. TRADE PAYABLES

An aged analysis of the trade payables as at 30 June 2017, based on the invoice date, is as follows:

	Unaudited 30 June 2017 <i>RMB'000</i>	Audited 31 December 2016 <i>RMB'000</i>
Within 1 month	2,736	4,561
1 to 2 months	2,091	1,317
2 to 3 months	3,420	555
Over 3 months	6,668	6,016
	14,915	12,449

12. DUE TO/LOAN FROM THE IMMEDIATE HOLDING COMPANY

On 3 December 2010, Zhejiang Hengtai (the ultimate controlling shareholder) and Liancheng (the immediate holding company) have undertaken to collectively provide to the Company with an unsecured interest-free shareholders' loan facility in the sum of not exceeding RMB50 million (the "Facility") for a term of five years from 30 May 2010. The Facility could be extended at the discretion of Liancheng for another two years. On 20 December 2016, Liancheng agreed to further extend the term of the Facility to 30 May 2018. As at 30 June 2017, the accumulated amount of the loan drawn-down by the Company from Liancheng under the Facility was RMB7,800,000 (31 December 2016: RMB7,800,000).

Liancheng has also made advances to certain subsidiaries of the Company. These amounts due to Liancheng are unsecured, interest-free and have no fixed terms of repayments.

13. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases its investment properties under operating leases arrangements with the leases negotiated for terms for 1 year. The terms of the lease generally also require the tenants to pay security deposits and provide for periodic rent adjustment according to the then prevailing market conditions.

At 30 June 2017, the Group had total future minimum lease receivable under non-cancellable operating leases with its tenants falling due as follows:

	Unaudited 30 June 2017 RMB'000	Audited 31 December 2016 RMB'000
Within one year	618	1,236
In the second to fifth years, inclusive	—	—
	618	1,236

(b) As lessee

The Group leases certain land and buildings from an independent party under operating lease arrangements. Leases for properties are negotiated for terms ranging from 1 to 20 years.

As at 30 June 2017, the total future minimum lease payments in respect of non-cancellable operating leases for land and buildings are as follows:

	Unaudited 30 June 2017 RMB'000	Audited 31 December 2016 RMB'000
Within one year	154	308
Over one year but within 5 years	680	680
After 5 years	750	750
	1,584	1,738

14. COMMITMENTS

Except for the operating lease arrangements, the Group did not have any significant capital and other commitments at the end of the reporting period.

15. RELATED PARTY TRANSACTIONS

- (a) 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 30 June		Unaudited Six months ended 30 June	
	2017 RMB'000	2016 RMB'000	2017 RMB'000	2016 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”)	969	–	1,529	–
上海石化消防工程有限公司 (literally translated as “Shanghai Petro-Chemical Fire-fighting Engineering Company Limited”) (“SPFE”)	–	32	80	117
上海聯滬消防器材有限公司 (literally translated as “Shanghai Lianhua Fire-fighting Equipment Company Limited”) (“SLFE”)	–	–	85	104
	<u>969</u>	<u>32</u>	<u>1,694</u>	<u>221</u>
Services Income				
SPFE	<u>74</u>	<u>–</u>	<u>149</u>	<u>–</u>

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.

- (b) Compensation of key management personnel of the Group during the period was as follows:

	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	2017 RMB'000	2016 RMB'000	2017 RMB'000	2016 RMB'000
Fees:				
Executive directors	–	–	–	–
Independent non-executive directors	23	23	45	45
	<u>23</u>	<u>23</u>	<u>45</u>	<u>45</u>
Other emoluments:				
Salaries, allowances and benefits in kind	35	60	69	120
Pension scheme contributions	–	–	–	–
	<u>35</u>	<u>60</u>	<u>69</u>	<u>120</u>
	<u>58</u>	<u>83</u>	<u>114</u>	<u>165</u>

16. CONTINGENT LIABILITIES

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

BUSINESS AND FINANCIAL REVIEW

Revenue

For the six months ended 30 June 2017, the Group recorded a revenue of approximately RMB36,248,000 (six months ended 30 June 2016: RMB39,764,000), representing a decrease of approximately 8.8% over the corresponding period of last year. The decrease in revenue represented the decrease in trading of sanitary ware and other products and sales of pressure vessels, which was partly offset by the increase in sales of aquarium products and sales of marine fire-fighting equipment as the Group concentrated on sale of higher profit margin products.

Cost of sales and gross profit

For the six months ended 30 June 2017, the Group's cost of sales amounted to approximately RMB26,661,000 (six months ended 30 June 2016: RMB31,172,000), representing a decrease of approximately 14.5% over the corresponding period of last year. The main components of cost of sales for the Group are cost of trading products, raw materials, mainly steel and aluminum, and labour cost.

For the six months ended 30 June 2017, the Group recorded overall gross profit of approximately RMB9,587,000 (six months ended 30 June 2016: gross profit of approximately RMB8,592,000), representing a gross profit ratio of 26% comparing to 22% for the corresponding period of last year mainly because of a decrease in trading of sanitary ware and other products which had a lower gross profit ratio.

Other revenue and income

For the six months ended 30 June 2017, other revenue and income reached approximately RMB796,000 (six months ended 30 June 2016: RMB536,000). Increase in other revenue and income for the six months ended 30 June 2017 was mainly due to an increase in sale of scraps and income from investment products.

Selling and distribution expenses

For the six months ended 30 June 2017, the Group incurred selling and distribution expenses of approximately RMB1,960,000, representing an increase of approximately RMB316,000 over the corresponding period of last year. Selling and distributing expenses increased due to the increase in distribution expenses in selling of pressure vessels.

Administrative expenses

For the six months ended 30 June 2017, the Group's administrative expenses amounted to approximately RMB7,665,000 (six months ended 30 June 2016: RMB7,962,000), representing a decrease of approximately 3.7% over the corresponding period of last year. This is mainly because of a decrease in one off legal and professional fees during the period.

Finance costs

Finance costs of approximately RMB21,000 were recorded for the six months ended 30 June 2017 (six months ended 30 June 2016: RMB137,000).

Non-controlling interests

For the six months ended 30 June 2017, profit for the year attributable to non-controlling interests is approximately RMB428,000 (six months ended 30 June 2016: loss of RMB111,000) representing a turn from loss to profit as the non-controlling interests of the Group share the profit of the profit-making companies of the Group.

Profit/(loss) for the period

For the six months ended 30 June 2017, the Group recorded profit for the period of approximately RMB173,000 (six months ended 30 June 2016: loss of RMB1,073,000), representing a turn from loss to profit during the period, primarily attributable to a decrease in the lower profit margin business.

Income tax

The effective tax charge rate of the Group is 76.5% for the six months ended 30 June 2017 (six months ended 30 June 2016: credit). The high effective tax charge rate is due to a net loss in a subsidiary offset by net profits arising from other subsidiaries of the Group.

Net current assets

As at 30 June 2017, the Company had current assets of approximately RMB83,884,000, based on which, the current ratio was 2.8 (31 December 2016: 2.8). The current liabilities increased from RMB29,251,000 as at 31 December 2016 to RMB29,850,000 as at 30 June 2017. The Group's net current assets remained stable.

Borrowings

The Group have no bank borrowings as at 30 June 2017 (31 December 2016: Nil).

Gearing ratio

The Group's gearing ratio as at 30 June 2017 was 50.9% (31 December 2016: 50.3%), which was expressed as a percentage of the total liabilities divided by the total equity.

Capital structure and financial resources

As at 30 June 2017, the Group had net assets of approximately RMB84,547,000 (31 December 2016: RMB84,374,000). The Group's operations are financed principally by internal sources, interest bearing bank borrowings, shareholders' borrowings and shareholders' equity.

PROSPECT

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. 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.

The Company's wholly owned subsidiary, 上海安航海上消防設備有限公司 (Shanghai An Hang Marine Fire-Fighting Equipment Co., Ltd.*) ("Shanghai An Hang"), is one of the few marine fire-fighting equipment installation companies that are licensed and approved with certificates to operate in Shanghai, the PRC. It is a legal requirement in Shanghai, the PRC, that installation of marine fire-fighting equipment and system must be approved by 中國船級社 (China Certification Society*) and 中國漁業船舶檢驗局 (Register of Fishing Vessel of the PRC*). In addition, all marine fire-fighting equipment and system that had been installed are required to undergo annual inspection by an approved company with proper certification. Shanghai An Hang extends the Company's business from manufacturing of fire-fighting equipment products, fire-fighting testing and trading into other fire-fighting related business. The Company also shares the customer base of Shanghai An Hang aiming at selling more fire-fighting products.

During the period, the Company's subsidiary, Shanghai Yuanfeng Pressure Cylinder Co. Ltd. (上海元奉高壓容氣有限公司) ("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.

Measures have been and will be implemented continuously to improve the operational efficiency and to control production costs. Production will be more focused on higher-margin products and production of lower-margin products will be reduced to raise the overall profit margin of the Group. With the economic uncertainties continue to grow in China in 2017, the Company will continue to improve the profitability of the Group by increasing the operational efficiency and reducing the overhead expenses.

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. After a successful acquisition of the installation and inspection of marine fire-fighting equipment business in 2016 which increase the profitability of the Group, 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 30 June 2017, 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 holds 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 was deemed to be interested in 131,870,000 domestic shares and 1,300,000 H shares in the Company.

Liancheng is owned as to 80% by Zhejiang Hengtai and 20% by Mr. Zhou Jin Hui.

Save as disclosed above, as at 30 June 2017, 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 June 2017, the following persons, other than Directors and supervisors of the Company, had an interests and a 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:

- All represent domestic shares of the Company.
- Liancheng holds 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, Zhejiang Hengtai 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.

Liancheng is owned as to 80% by Zhejiang Hengtai and 20% by Mr. Zhou Jin Hui.

- The board of directors of the Company has been notified that, an aggregate of 131,870,000 domestic shares of the Company (the "Pledged Shares") held by Liancheng have been pledged on 20 January 2016 in favour of an independent third party (the "Lender") as a security for a loan amount of RMB199,000,000 provided by the Lender to Liancheng (the "2016 Loan"). The 2016 Loan was repaid and the Pledged Shares were released on 12 January 2017. On the same date, Liancheng have pledged the Pledged Shares in favour of the Lender as a security for a loan amount of RMB198,000,000 (the "2017 Loan") provided by the Lender to Liancheng. 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 announcement, the pledged Shares represent approximately 70.36% and 100% of the total issued share capital and domestic shares of the Company, respectively.

Save as disclosed above, the Company has not been notified of any other person with relevant interests representing 5% or more in the issued shares capital of the Company as at 30 June 2017.

DIRECTORS' AND SUPERVISORS' INTERESTS IN CONTRACTS

To the best knowledge of the Board, except for those disclosed in note 15, no contracts of significance in relation to the Company's business to which the Company was a party and in which any person who were Directors or supervisors of the Company during the six months ended 30 June 2017 had a material interest, whether directly or indirectly, subsisted at 30 June 2017 or at any time during the six months ended 30 June 2017.

EMPLOYEES

As at 30 June 2017, the Group had 251 employees (30 June 2016: 280 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 six months ended 30 June 2017, the Company and its subsidiaries did not purchase, sell or redeem any of the Company's listed securities.

DIVIDENDS

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2017 (six months ended 30 June 2016: Nil).

CORPORATE GOVERNANCE

Pursuant to Rule 18.44(2) and Appendix 15 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 (the "Code") contained in the Appendix 15 of the GEM Listing Rules during the year.

(1) Corporate Governance Practices

The Company is committed to promote 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 in respect of 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 established an audit committee (the "Audit Committee") 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 of the Company, namely Mr. Yang Chun Bao, Mr. Wang Guo Zhong and Mr. Song Zi Zhang.

The Audit Committee has reviewed the Group's unaudited financial statements for the six months ended 30 June 2017.

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

Shanghai, 10 August 2017

As at the date of this announcement, the executive Directors are Mr. Zhou Jin Hui, Mr. Shi Hui Xing and Mr. Zhou Guo Ping; and the independent non-executive Directors are Mr. Wang Guo Zhong, Mr. Yang Chun Bao and Mr. Song Zi Zhang.

This announcement, for which the Directors collectively and individually accept full responsibilities, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

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