



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)

**FINAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2016**

**CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE
STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

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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 and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This announcement, for which the directors of Shanghai Qingpu Fire-Fighting Equipment Co., Ltd. collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to Shanghai Qingpu Fire-Fighting Equipment Co., Ltd. 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.

* For the identification purpose only

The Board hereby presents the audited consolidated final results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2016 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2016

	<i>Notes</i>	2016 RMB'000	2015 RMB'000
Revenue	4	73,500	67,679
Cost of sales		<u>(53,701)</u>	<u>(52,961)</u>
Gross profit		19,799	14,718
Other income and gains	4	3,667	4,734
Selling and distribution expenses		(2,873)	(2,757)
Administrative expenses		(18,908)	(17,160)
Finance costs	6	<u>(464)</u>	<u>–</u>
Profit/(loss) before tax	5	1,221	(465)
Income tax expense	7	<u>(975)</u>	<u>(1,378)</u>
Profit/(loss) for the year		<u>246</u>	<u>(1,843)</u>
Attributable to:			
Owners of the Company		317	(1,070)
Non-controlling interests		<u>(71)</u>	<u>(773)</u>
		<u>246</u>	<u>(1,843)</u>
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	8		
Basic (RMB cents)		<u>0.17</u>	<u>(0.57)</u>
Diluted (RMB cents)		<u>0.17</u>	<u>(0.57)</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2016

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
PROFIT/(LOSS) FOR THE YEAR	246	(1,843)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	<u>—</u>	<u>—</u>
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	<u>246</u>	<u>(1,843)</u>
Attributable to:		
Owners of the Company	317	(1,070)
Non-controlling interests	<u>(71)</u>	<u>(773)</u>
	<u>246</u>	<u>(1,843)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2016

	<i>Notes</i>	2016 RMB'000	2015 <i>RMB'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		15,288	15,809
Investment properties		23,270	22,630
Prepaid land lease payments		112	115
Goodwill		4,211	–
Intangible assets		1,575	1,755
		<hr/>	<hr/>
Total non-current assets		44,456	40,309
CURRENT ASSETS			
Inventories		12,641	13,646
Trade and bills receivables	<i>10</i>	43,333	25,820
Prepayments, deposits and other receivables		8,029	11,078
Due from related companies		847	1,168
Cash and cash equivalents		17,512	28,499
		<hr/>	<hr/>
Total current assets		82,362	80,211
CURRENT LIABILITIES			
Trade payables	<i>11</i>	12,449	7,910
Other payables and accruals		11,143	7,191
Due to the immediate holding company		906	906
Due to non-controlling interest		1,451	1,451
Due to a related company		2,798	2,798
Interest-bearing bank borrowing		–	2,490
Tax payables		504	43
		<hr/>	<hr/>
Total current liabilities		29,251	22,789
NET CURRENT ASSETS		<hr/> 53,111	<hr/> 57,422
TOTAL ASSETS LESS CURRENT LIABILITIES		<hr/> 97,567	<hr/> 97,731

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)*31 December 2016*

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>97,567</u>	<u>97,731</u>
NON-CURRENT LIABILITIES		
Loan from the immediate holding company	7,800	7,800
Deferred tax liabilities	<u>5,393</u>	<u>5,233</u>
Total non-current liabilities	<u>13,193</u>	<u>13,033</u>
Net assets	<u>84,374</u>	<u>84,698</u>
EQUITY		
Equity attributable to owners of the Company		
Paid up capital	18,743	18,743
Reserves	<u>66,650</u>	<u>66,333</u>
	85,393	85,076
Non-controlling interests	<u>(1,019)</u>	<u>(378)</u>
Total equity	<u>84,374</u>	<u>84,698</u>

NOTES:

1. CORPORATE AND GROUP INFORMATION

Shanghai Qingpu Fire-Fighting Equipment Co., Ltd. (the “Company”) was transformed into a joint stock limited liability company in the People’s Republic of China (the “PRC”) 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.

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 year, the Group was involved in the following principal activities:

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

Installation and inspection of marine fire-fighting equipment business was commenced during the year through an acquisition of a subsidiary.

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.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) (which include all International Financial Reporting Standards, International Accounting Standards (“IASs”) and Interpretations) promulgated by the International Accounting Standards Board (“IASB”). These financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance relating to the preparation of consolidated financial statements. In addition, these financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Growth Enterprise Market (the “GEM Listing Rules”) of the Stock Exchange. They have been prepared under the historical cost convention, except for investment properties, which have been measured at fair value.

2.2 CHANGE IN ACCOUNTING POLICY AND DISCLOSURES

The Group has adopted the following new and revised standards, which are applicable to the Group, for the first time for the current year's financial statements:

Amendments IFRS 10, IFRS 12, and IAS 28 (2011)	Investment Entities: Applying the Consolidation Exception
IFRS 14	Regulatory Deferral Accounts
Amendments to IAS 1	Disclosure Initiative
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments IFRS 27 (2011)	Equity Method in Separate Financial Statements
Annual Improvements 2012–2014 Cycle	Amendments to a number of IFRSs

The adoption of the above new standards and amendments has no material impact on the Group's financial statements.

2.3 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 financial statements:

IFRS 9	Financial Instrument ²
Amendments to IFRS 10 And IAS 28 (2011)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
IFRS 15	Revenue from Contracts with Customers ²
Amendments to IFRS 15	Clarifications to IFRS 15 Revenue from Contracts with Customers ²
IFRS 16	Leases ³
Amendments to IAS 7	Disclosure Initiative ¹
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses ¹

¹ Effective for annual period beginning on or after 1 January 2017

² Effective for annual period beginning on or after 1 January 2018

³ Effective for annual period beginning on or after 1 January 2019

⁴ No mandatory effective date yet determined but available for adoption

The Group is in the process of assessing the impact of these standards, amendments and interpretations on the financial statements of the Group. The adoption of the above is not expected to have a material impact on the 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 (2015: six) 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;
- (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.

The marine fire-fighting segment was commenced during the year through an acquisition of a subsidiary.

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.

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

For the year ended 31 December 2016

	Fire fighting equipment RMB'000	Inspection services RMB'000	Grooved couplings RMB'000	Trading RMB'000	Aquarium products RMB'000	Marine fire-fighting RMB'000	Property investment RMB'000	Total RMB'000
Segment revenue:								
Sales/services provided to external customers	46,555	13,128	-	1,219	5,768	6,830	-	73,500
Gross rental income	-	-	-	-	-	-	2,166	2,166
	<u>46,555</u>	<u>13,128</u>	<u>-</u>	<u>1,219</u>	<u>5,768</u>	<u>6,830</u>	<u>2,166</u>	<u>75,666</u>
Segments results	(5,218)	3,020	-	1,219	336	314	2,806	2,477
Reconciliation:								
Interest income								30
Income from investment products								235
Other income								251
Corporate and unallocated expenses								(1,308)
Finance costs								(464)
Profit before tax								<u>1,221</u>
Segment assets	48,076	8,805	-	30,290	4,908	11,469	23,270	126,818
Unallocated assets								-
Total assets								<u>126,818</u>
Segment liabilities	13,588	2,097	-	1,885	538	5,313	-	23,421
Unallocated liabilities								19,023
Total liabilities								<u>42,444</u>
Capital expenditure *	539	11	-	-	270	-	-	820
Impairment of trade and bills receivables	-	-	-	-	-	460	-	460
Write down of inventories to net realisable value	524	-	-	-	-	-	-	524
Reversal of impairment of trade and bills receivables	(47)	-	-	-	-	-	-	(47)
Depreciation and amortisation	<u>1,104</u>	<u>234</u>	<u>-</u>	<u>-</u>	<u>186</u>	<u>-</u>	<u>-</u>	<u>1,524</u>

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

For the year ended 31 December 2015

	Fire fighting equipment <i>RMB'000</i>	Inspection services <i>RMB'000</i>	Grooved couplings <i>RMB'000</i>	Trading <i>RMB'000</i>	Aquarium products <i>RMB'000</i>	Property investment <i>RMB'000</i>	Total <i>RMB'000</i>
Segment revenue:							
Sales/services provided to external customers	51,352	12,295	–	2,283	1,749	–	67,679
Gross rental income	–	–	–	–	–	2,403	2,403
	<u>51,352</u>	<u>12,295</u>	<u>–</u>	<u>2,283</u>	<u>1,749</u>	<u>2,403</u>	<u>70,082</u>
Segments results	(7,719)	3,245	–	2,283	31	2,963	803
Reconciliation:							
Interest income							24
Income from investment products							955
Other income							505
Corporate and unallocated expenses							<u>(2,752)</u>
Loss before tax							<u>(465)</u>
Segment assets	70,242	12,535	–	10,644	4,469	22,630	120,520
Unallocated assets							–
Total assets							<u>120,520</u>
Segment liabilities	15,582	1,879	–	–	447	–	17,908
Unallocated liabilities							<u>17,914</u>
Total liabilities							<u>35,822</u>
Capital expenditure *	565	–	–	–	2,467	–	3,032
Impairment of trade receivables	221	–	–	–	–	–	221
Depreciation and amortisation	<u>2,135</u>	<u>202</u>	<u>–</u>	<u>–</u>	<u>45</u>	<u>–</u>	<u>2,382</u>

* Capital expenditure consists of additions to property, plant and equipment and the incorporation of a subsidiary.

Geographical information

(a) Revenue from external customers

	2016 RMB'000	2015 RMB'000
PRC	65,204	62,679
United States of America	3,064	–
European Union	5,221	5,000
Other countries	11	–
	<u>73,500</u>	<u>67,679</u>

(b) Non-current assets

Non-current assets are principally located in the PRC.

Information about major customers

For the years ended 31 December 2016 and 2015, there were 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

An analysis of revenue, other income and gains for the year ended 31 December 2016 is as follows:

	2016 RMB'000	2015 RMB'000
Revenue		
Sales of pressure vessels	46,555	51,352
Inspection service fees	12,080	12,295
Sales of aquarium products	5,768	1,749
Commission income	1,219	2,283
Sales of marine fire-fighting equipment	6,830	–
Marine fire-fighting equipment inspection service fees	1,048	–
	<u>73,500</u>	<u>67,679</u>
Total revenue		
	<u>73,500</u>	<u>67,679</u>
Other income and gains		
Interest income	30	24
Income from investment products	235	955
Gross rental income	2,166	2,403
Sales of scraps	263	102
Fair value gains on investment properties	640	680
Exchange gain, net	7	54
Reversal of impairment of trade and bills receivables	47	–
Government grant	28	–
Others	251	516
	<u>3,667</u>	<u>4,734</u>
Total other income and gains		
	<u>3,667</u>	<u>4,734</u>
Total revenue, other income and gains		
	<u>77,167</u>	<u>72,413</u>

5. PROFIT/(LOSS) BEFORE TAX

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

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Cost of inventories sold	44,811	45,688
Cost of services provided	8,890	7,273
	53,701	52,961
Amortisation of prepaid land lease payments	3	3
Amortisation of intangible assets	180	45
Depreciation of property, plant and equipment	1,341	2,337
Minimum lease payments under operating leases:		
Land and buildings	1,251	1,807
Auditors' remuneration:		
Assurance services	875	755
Other services	101	385
Add: under-provision for previous year	–	44
	976	1,184
Write-off of items of property, plant and equipment	–	11
Impairment of trade and bills receivables	460	221
Write down of inventories to net realisable value	524	–
Employee benefits expenses (including directors' and supervisors' remuneration):		
Wages and salaries	13,123	10,898
Pension scheme contributions	3,413	3,387
	16,536	14,285
Exchange gain, net	(7)	(54)
Loss on disposal of items of property, plant and equipment	–	13
Direct operating expenses arising from rental-earning investment properties	15	120
Reversal of impairment of trade and bills receivables	(47)	–
Fair value gains on investment properties	(640)	(680)
Interest income	(30)	(24)
Income from investment products	(235)	(955)

* The amortisation of patents and trademark for the year are included in "administrative expenses" in the consolidated statement of profit or loss.

6. FINANCE COSTS

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Interest on bank borrowing	464	–

7. 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 year ended 31 December 2016 (2015: Nil).

Under the Corporate Income Tax Law, the corporate income tax (“CIT”) rate is calculated at a rate of 25% (2015: 25%) on the Group’s estimated assessable profits for the year ended 31 December 2016.

Under the Corporate Income Tax Law, the CIT rate applicable to small-scale enterprises with low profitability that meet certain conditions shall be reduced to 20%. Two (2015: one) of the Company’s subsidiaries have been designated as a small-scale enterprise. 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 year ended 31 December 2016.

	2016 <i>RMB’000</i>	2015 <i>RMB’000</i>
Current — the PRC:		
Charge for the year	999	1,145
(Over)/under-provision in prior year	(184)	63
	815	1,208
Deferred tax	160	170
Total tax charge for the year	975	1,378

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

The calculation of basic earnings/(loss) per share amounts is based on the profit attributable to ordinary equity holders of the Company of RMB317,000 (2015: loss of RMB1,070,000) and the number of ordinary shares of 187,430,000 (2015: 187,430,000) in issue during the year.

No adjustment has been made to the basic earnings/(loss) per share amounts for the years ended 31 December 2016 and 2015 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during these years.

9. DIVIDEND

The directors do not recommend the payment of any dividend for the year ended 31 December 2016 (2015: Nil).

10. TRADE AND BILLS RECEIVABLES

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Trade receivables	41,990	26,218
Less: Impairment	(1,978)	(1,897)
	40,012	24,321
Bills receivables	3,321	1,499
	43,333	25,820

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 of two 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. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

An aged analysis of the trade and bills receivables as at the end of reporting period, based on the invoice date, is as follows:

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Within 1 month	8,245	6,804
1 to 2 months	5,622	1,109
2 to 3 months	2,945	3,527
3 to 6 months	9,039	1,489
6 to 12 months	13,960	12,636
1 to 2 years	2,835	79
Over 2 years	687	176
	43,333	25,820

11. TRADE PAYABLES

An aged analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Within 1 month	4,561	2,678
1 to 2 months	1,317	2,083
2 to 3 months	555	653
Over 3 months	6,016	2,496
	12,449	7,910

All of the trade payables are non-interest-bearing and are normally settled within one year.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the year ended 31 December 2016, the Group recorded a turnover of approximately RMB73,500,000 (year ended 31 December 2015: RMB67,679,000), representing an increase of approximately 9% over last year because the marine fire-fighting and aquarium segments were acquired and incorporated by the Group in February 2016 and September 2015 respectively.

MATERIAL ACQUISITION

On 26 January 2016, the Group and certain independent third parties (the “Vendors”) entered into a sale and purchase agreement (the “S&P Agreement”), pursuant to which, the Group agreed to acquire and the Vendors agreed to sell 100% equity interest of Shanghai An Hang Marine Fire-Fighting Equipment Co., Ltd (“Shanghai An Hang”) (the “Shanghai An Hang Acquisition”) for a cash consideration of RMB6,000,000, which was satisfied by cash. The Shanghai An Hang Acquisition was completed on 1 February 2016 (the “Completion Date”). Included in the goodwill of approximately RMB4,211,000 recognised is the benefit of expected business prospects and other intangibles such as certifications and technical know-how of Shanghai An Hang as well as the synergy created.

Shanghai An Hang was principally engaged in marine fire-fighting equipment installation and inspection.

GROSS PROFIT

For the year ended 31 December 2016, the Group recorded overall gross profit of approximately RMB19,799,000 (year ended 31 December 2015: RMB14,718,000), representing a gross profit ratio of 27% comparing to 22% for the year ended 31 December 2015. The increase was mainly due to concentration on sale of higher profit margin products, tighter cost control on productions and the acquisition of the installation and inspection of marine fire-fighting equipment business during the year.

OTHER INCOME AND GAINS

Other income and gains for the year ended 31 December 2016 decreased by approximately RMB1,067,000 from RMB4,734,000 for the year ended 31 December 2015 to approximately RMB3,667,000. This is mainly due to decrease in gross rental income and income from investment products in 2016.

SELLING AND DISTRIBUTION COSTS

For the year ended 31 December 2016, the Group’s selling and distribution costs increased to approximately RMB2,873,000 from RMB2,757,000, representing an increase of 4% over the corresponding period of last year. This is mainly due to the increase in revenue in 2016.

ADMINISTRATIVE EXPENSES

For the year ended 31 December 2016, the Group's administrative expenses amounted to approximately RMB18,908,000 (year ended 31 December 2015: approximately RMB17,160,000), representing an increase of 10%. The increase is mainly due to the acquisition of the installation and inspection of marine fire-fighting equipment business during the year.

FINANCE COSTS

Finance costs of approximately RMB464,000 were recorded for the year ended 31 December 2016 (year ended 31 December 2015: Nil) because bank loans were arranged during the year to facilitate the business.

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 year (2015: Nil). Under the Corporate Income Tax Law, the corporate income tax ("CIT") rate is calculated at a rate of 25% (2015: 25%) on the Group's estimated assessable profits for the year ended 31 December 2016.

Under the Corporate Income Tax Law, the CIT rate applicable to small-scale enterprises with low profitability that meet certain conditions shall be reduced to 20%. Two (2015: one) of the Company's subsidiaries have been designated as a small-scale enterprise. 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 year ended 31 December 2016.

The effective tax rate of the Group is 80% for the year ended 31 December 2016 (year ended 31 December 2015: (296)%). It is due to the loss in certain subsidiaries, which are not allowed to offset assessable profits arising from other subsidiaries of the Group.

NON-CONTROLLING INTERESTS

For the year ended 31 December 2016, loss for the year attributable to non-controlling interests is approximately RMB71,000 (year ended 31 December 2015: loss of RMB773,000).

PROFIT/LOSS ATTRIBUTABLE TO SHAREHOLDERS

For the year ended 31 December 2016, the Group recorded profit for the year attributable to the owners of the Company of approximately RMB317,000 (year ended 31 December 2015: loss of RMB1,070,000). The profit was primary attributable to the acquisition of installation and inspection of marine fire-fighting equipment business during the year.

NET CURRENT ASSETS

As at 31 December 2016, the Company had current assets of approximately RMB82,362,000, based on which, the current ratio was 2.8 (31 December 2015: 3.5). The current liabilities increased from RMB22,789,000 as at 31 December 2015 to RMB29,251,000 as at 31 December 2016. Current assets as at 31 December 2016 mainly comprised inventories of approximately RMB12,641,000 (31 December 2015: RMB13,646,000), trade and bills receivables of approximately RMB43,333,000 (31 December 2015: RMB25,820,000), prepayments, deposits and other receivables of approximately RMB8,092,000 (31 December 2015: RMB11,078,000) and cash and bank deposits of approximately RMB17,512,000 (31 December 2015: RMB28,499,000). Current liabilities mainly comprised trade payables of approximately RMB12,449,000 (31 December 2015: RMB7,910,000), other payables and accrued charges of approximately RMB11,143,000 (31 December 2015: RMB7,191,000).

GEARING RATIO

The Group's gearing ratio as at 31 December 2016 was 50.3% (31 December 2015: 42.3%), which was expressed as a percentage of the total liabilities divided by the total equity.

CAPITAL STRUCTURE AND FINANCIAL RESOURCES

As at 31 December 2016, the Group had net assets of approximately RMB84,374,000 (31 December 2015: RMB84,698,000). The Group's operations are financed principally by internal sources, interest bearing bank borrowings, shareholders' borrowings and shareholders' equity.

EMPLOYEES

As at 31 December 2016, the Group had 247 employees (2015: 277 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 Group is required to make contributions to a defined contribution retirement scheme for all qualified employees in the PRC. The Group has, in compliance with relevant local government regulations, made payment for such scheme during the year. The Group has no obligation for the payment of other retirement and non-retirement benefits of employees other than the contributions described above.

The Group 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 Group's relationship with its employees to be good.

SHARE CAPITAL

There is no change in registered, issued and fully paid capital of the Company during the year.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association or the laws of the People's Republic of China which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

The Company and its subsidiaries did not purchase, redeem or sell any of the Company's listed securities during the year.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

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.

CHAIRMAN AND GENERAL MANAGER

During the year 2016, Mr. Zhou Jin Hui and Mr. Shi Hui Xing is chairman and general manager, respectively, which are two clearly defined positions. The chairman is responsible for the operation of the Board while the general manager (equivalent to a chief executive) is in charge of daily management. The Articles of Association of the Company set out the respective functions of the chairman and the general manager in detail.

AUDIT COMMITTEE

The audit committee of the Board (the "Audit Committee"), as at the date of this announcement, comprises three members, all being independent non-executive Directors. The chairperson of the Audit Committee is Mr. Yang Chun Bao and the other members are Mr. Song Zi Zhang and Mr. Wang Guo Zhong. The primary duties of the Audit Committee are mainly (i) reviewing the Group's financial statement and providing material advice in respect of the financial reporting; (ii) making recommendations to the Board on appointment, re-appointment and removal of external auditors as well as approval on their remuneration and terms of engagement; (iii) overseeing financial reporting system, risk management and internal control systems of the Company.

The Audit Committee has reviewed the Company's final results for the year ended 31 December 2016.

SCOPE OF WORK OF AUDITORS

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2016 have been agreed by the Group's auditors, Ascenda Cachet CPA Limited ("Ascenda Cachet"), to the amounts set out in the Group's consolidated financial statements for the year ended 31 December 2016. The work performed by Ascenda Cachet in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Ascenda Cachet on the preliminary announcement.

ANNUAL REPORT

The annual report of the Group for the year ended 31 December 2016 will be despatched to its shareholders and published on the websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (www.shanghaiqingpu.com) as soon as practicable.

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

Shanghai, 24 March 2017

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