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 2018

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED

GEM has been positioned as a market designed to accommodate small and mid-sized 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.

Given that the companies listed on GEM are generally small and mid-sized companies, 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.

This announcement, for which the directors (the "Directors") of Shanghai Qingpu Fire-Fighting Equipment Co. Ltd (the "Company", together with its subsidiaries, the "Group") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (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.

* *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 2018 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2018

	Notes	**2018** **RMB'000**	2017 *RMB'000*
Revenue	*4*	**69,650**	72,663
Cost of sales and services	*5*	**(52,905)**	(55,084)
Gross profit		**16,745**	17,579
Other income and gains	*4*	**1,191**	4,638
Selling and distribution expenses		**(2,858)**	(2,944)
Administrative expenses		**(16,173)**	(17,130)
Write off of inventories	*5*	**(34)**	–
Write down of inventories to net realisable value	*5*	**–**	(64)
(Loss)/profit before tax	*5*	**(1,129)**	2,079
Income tax expense	*6*	**(1,217)**	(1,050)
(Loss)/profit for the year		**(2,346)**	1,029
Attributable to:			
Owners of the Company		**(3,394)**	(230)
Non-controlling interests		**1,048**	1,259
		(2,346)	1,029
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	*7*		
Basic *(RMB cents)*		**(1.81)**	(0.12)
Diluted *(RMB cents)*		**(1.81)**	(0.12)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2018

	2018 *RMB'000*	2017 *RMB'000*
(LOSS)/PROFIT FOR THE YEAR	**(2,346)**	1,029
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**–**	–
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR	**(2,346)**	1,029
Attributable to:		
Owners of the Company	**(3,394)**	(230)
Non-controlling interests	**1,048**	1,259
	(2,346)	1,029

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2018

	Notes	**2018** *RMB'000*	2017 *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment	*9*	**13,059**	13,915
Investment properties	*13*	**23,510**	23,270
Prepaid land lease payments		**106**	109
Goodwill		**4,211**	4,211
Intangible assets		**1,215**	1,395
Total non-current assets		**42,101**	42,900
CURRENT ASSETS			
Inventories		**13,889**	12,151
Trade and bills receivables	*10*	**17,471**	28,600
Prepayments, other receivables and other assets		**3,996**	4,014
Contract assets		**137**	–
Due from related companies		**783**	997
Restricted cash balance	*9*	**–**	1,284
Cash and cash equivalents		**29,668**	23,358
Total current assets		**65,944**	70,404
CURRENT LIABILITIES			
Trade payables	*11*	**8,208**	10,247
Other payables and accruals		**4,547**	7,010
Contract liabilities		**1,550**	–
Due to the immediate holding company	*12*	**906**	906
Due to non-controlling interests	*12*	**1,451**	1,451
Due to a related company	*12*	**2,798**	2,798
Tax payables		**271**	292
Total current liabilities		**19,731**	22,704
NET CURRENT ASSETS		**46,213**	47,700
TOTAL ASSETS LESS CURRENT LIABILITIES		**88,314**	90,600

	2018	2017
	RMB'000	*RMB'000*
TOTAL ASSETS LESS CURRENT LIABILITIES	**88,314**	90,600
NON-CURRENT LIABILITY		
Deferred tax liabilities	**5,453**	5,393
Total non-current liability	**5,453**	5,393
Net assets	**82,861**	85,207
EQUITY		
Equity attributable to owners of the Company		
Share capital	**18,743**	18,743
Reserves	**63,026**	66,420
	81,769	85,163
Non-controlling interests	**1,092**	44
Total equity	**82,861**	85,207

NOTES:

1. CORPORATE AND GROUP INFORMATION

Shanghai Qingpu Fire-Fighting Equipment Factory 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 "Company"). 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 (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.

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

The consolidated 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"). The consolidated financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the GEM (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.

The consolidated financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated. RMB is the Group's functional and presentation currency.

2.2 CHANGE IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised IFRSs for the first time for the current year's consolidated financial statements:

Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions
IFRS 9	Financial Instruments
IFRS 15	Revenue from Contracts with Customers
Amendments to IFRS 15	Clarifications to IFRS 15 Revenue from Contracts with Customers
Amendments to IAS 40	Transfers of Investment Property
IFRIC-Int 22	Foreign currency transactions and advance consideration
Annual Improvements 2014–2016 Cycle	Amendments to IFRS 1 and IAS 28

Except for the amendments to IFRS 2 and Annual Improvements 2014–2016 Cycle, which are not relevant to the preparation of the Group's consolidated financial statements, the nature and the impact of the new and revised IFRSs are described below:

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment and hedge accounting.

The Group has recognised the transition adjustments against the applicable opening balances in equity at 1 January 2018. Therefore, the comparative information was not restated and continues to be reported under IAS 39.

Classification and measurement

There is no material impact on classification and measurement of financial assets as they are measured at amortised cost.

There is no change in classification and measurement of financial liabilities.

Impairment

The effect of replacing IAS 39's incurred credit loss calculations with IFRS 9's expected credit losses ("ECLs") has no significant impact on the Group at 1 January 2018.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 and its amendments replace IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies to all revenue arising from contracts with customers. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. Except for the classification of contract assets and contract liabilities, the application of IFRS 15 has no significant impact to the Group's consolidated financial statements.

The Group has adopted IFRS 15 using the modified retrospective method of adoption. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Group has elected to apply the standard to contracts that are not completed as at 1 January 2018.

The cumulative effect of the initial application of IFRS 15 was recognised as an adjustment to the opening balance of accumulated losses as at 1 January 2018. Therefore, the comparative information was not restated and continues to be reported under IAS 18 and related interpretations.

Set out below are the amounts by which each consolidated financial statement line item was affected as at 1 January 2018 as a result of the adoption of IFRS 15:

	Note	Increase/ (decrease) *RMB'000*
Assets		
Trade and bills receivables	*(i)(a)*	(191)
Contract assets	*(i)(a)*	191
		–
Liabilities		
Other payables and accruals	*(i)(b)*	(2,594)
Contract liabilities	*(i)(b)*	2,594
		–

The adoption of IFRS 15 has had no material impact on the statement of profit or loss and other comprehensive income or on the Group's operating, investing and financing cash flows for the year ended 31 December 2018.

The nature of the adjustments as at 1 January 2018 are described below:

(i) Presentation of contract assets and liabilities

Under IFRS 15, a receivable is recognised only if the Group has an unconditional right to consideration. If the Group recognises the revenue before being unconditionally entitled to the consideration for the promised goods and services in the contract, then the entitlement to consideration is classified as a contract asset. Similarly, a contract liability, rather than a payable, is recognised when a customer pays consideration, or is contractually required to pay consideration and the amount is already due, before the Group recognises the revenue. For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

Previously, contract balances relating to retention portion of sale of marine fire-fighting equipment were presented in the consolidated statement of financial position under "trade and bills receivables", while balances relating to receipts in advance from sales of goods were presented in the consolidated statement of financial position under "other payables and accruals" respectively.

To reflect these changes in presentation, the Group has made the following adjustments at 1 January 2018, as a result of the adoption of IFRS 15:

(a) "Trade debtors and bills receivable" amounting to RMB191,000, which were previously included in trade receivables are now included under contract assets.

(b) "Trade deposits received" amounting to RMB2,594,000, which were reclassified from other payables to contract liabilities.

IFRIC-Int 22 Foreign currency transactions and advance consideration

IFRIC-Int 22 Foreign currency transactions and advance consideration provides guidance on how to determine the date of the transaction when applying IAS 21 to the situation where an entity receives or pays advance consideration in a foreign currency and recognises a non-monetary asset or liability. The interpretation clarifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognises the non-monetary asset (such as a prepayment) or non-monetary liability (such as deferred income) arising from the payment or receipt of the advance consideration. If there are multiple payments or receipts in advance of recognising the related item, the entity must determine the transaction date for each payment or receipt of the advance consideration. The interpretation has had no impact on the Group's financial statements as the Group's accounting policy for the determination of the exchange rate applied for initial recognition of non-monetary assets or non-monetary liabilities is consistent with the guidance provided in the interpretation.

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 consolidated financial statements.

Amendments to IFRS 3	Definition of a Business[3]
Amendments to IAS 1 and IAS 8	Definition of Material[2]
IFRS 16	Leases[1]
IFRIC-Int 23	Uncertainty over Income Tax Treatments[1]
Annual Improvement 2015–2017 Cycle	Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23[1]

1 Effective for annual periods beginning on or after 1 January 2019
2 Effective for annual periods beginning on or after 1 January 2020
3 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020

Further information about those IFRSs that are expected to be applicable to the Group is described below:

Amendments to IFRS 3 Definition of a Business

Amendments to IFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group expects to adopt the amendments prospectively from 1 January 2020.

IFRS 16 Leases

IFRS 16 replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise assets and liabilities for most leases. The standard includes two recognition exemptions for lessees — leases of low-value assets and short-term leases. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses unless the right-of use asset meets the definition of investment property in IAS 40, or relates to a class of property, plant and equipment to which the revaluation model is applied. The lease liability is subsequently increased to reflect the interest on the lease liability and reduced for the lease payments. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use. Lessees will also be required to measure the lease liability upon the occurrence of certain events, such as change in the lease term and change in future lease payments resulting from a change in an index or rate used to determine those payments. Lessees will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under IFRS 16 is substantially unchanged from the accounting under distinguish between operating leases and finance leases. IFRS 16 requires lessees and lessons to make more extensive disclosures than under IAS 17. Lessees can choose to apply the standard using either a full retrospective or a modified retrospective approach. The Group will adopt IFRS 16 from 1 January 2019. The Group plans to adopt the transitional provisions in IFRS 16 to recognise the cumulative effect of initial adoption as an adjustment to the opening balance of retained earnings at 1 January 2019 and will not restate the comparatives. In addition, the Group plans to apply the new requirements to contracts that were previously identified as leases applying IAS 17 and measure the lease liability at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate at the date of initial application. The right-of-use asset will be measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before the date of initial application. The Group plans to use the exemptions allowed by the standard on lease contracts whose lease terms end within 12 months as of the date of initial application. At 31 December 2018, the Group's future minimum lease payments under non-cancellable operating leases amounted to RMB2,570,000 for land and properties, which is payable between 1 and 13 years after the reporting date.

Other than the recognition of lease liabilities and right-of-use assets, the Group expects that the transition adjustments to be made upon the initial adoption of IFRS 16 will not be material. However, the expected changes in accounting policies as described above could have a material impact on the Group's financial statement from 2019 onwards.

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

IFRIC-Int 23 addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of IAS 12 (often referred to as "uncertain tax positions"). The interpretation does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. The interpretation is to be applied retrospectively, either fully retrospectively without the use of hindsight or retrospectively with the cumulative effect of application as an adjustment to the opening equity at the date of initial application, without the restatement of comparative information. The Group expects to adopt the interpretation from 1 January 2019. The amendments are not expected to have any significant impact on the Group's consolidated financial statements.

Annual Improvements 2015–2017 Cycle

IAS 12 Income Taxes

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019, with early application is permitted. When an entity first applies those amendments, it applies them to the income tax consequences of dividends recognised on or after the beginning of the earliest comparative period. Since the Group's current practice is in line with these amendments, the Group does not expect any effect on its consolidated financial statements.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has 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;

(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 income from investment products, as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude amount due to the 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.

For the year ended 31 December 2018

	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 (note 4):								
Sales/services provided to external customers	42,588	9,645	–	7	11,996	5,414	–	69,650
Gross rental income	–	–	–	–	–	–	–	–
	42,588	9,645	–	7	11,996	5,414	–	69,650
Segments results	(5,586)	2,504	–	7	2,317	629	193	64
Interest income								37
Income from investment products								141
Other income								53
Corporate and unallocated expenses								(1,424)
Loss before tax								(1,129)
Segment assets	54,916	8,381	–	3,595	9,174	8,469	23,510	108,045
Unallocated assets								–
Total assets								108,045
Segment liabilities	9,860	1,137	–	–	1,262	1,876	–	14,135
Unallocated liabilities								11,049
Total liabilities								25,184
Capital expenditure*	98	–	–	–	176	–	–	274
Write off of inventories	–	–	–	–	34	–	–	34
Reversal of impairment of trade and bills receivables	–	–	–	–	–	(92)	–	(92)
Depreciation and amortisation	872	198	–	–	238	–	–	1,308

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

For the year ended 31 December 2017

	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	41,642	12,397	–	528	8,805	9,291	–	72,663
Gross rental income	–	–	–	–	–	–	1,284	1,284
	41,642	12,397	–	528	8,805	9,291	1,284	73,947
Segments results	(2,686)	2,034	–	528	2,084	(431)	1,284	2,813
Interest income								48
Income from investment products								36
Other income								205
Corporate and unallocated expenses								(1,023)
Profit before tax								2,079
Segment assets	53,301	7,688	–	12,428	6,674	9,943	23,270	113,304
Unallocated assets								–
Total assets								113,304
Segment liabilities	10,725	2,008	–	–	591	3,762	–	17,086
Unallocated liabilities								11,011
Total liabilities								28,097
Capital expenditure*	279	11	–	–	80	–	–	370
Write down of Inventories to net realisable value	–	–	–	–	64	–	–	64
Reversal of write down of inventories to net realisable value	(889)	–	–	–	–	–	–	(889)
Reversal of impairment of trade and bills receivables	(118)	–	–	–	–	–	–	(118)
Depreciation and amortisation	966	199	–	–	233	–	–	1,398

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

Geographical information

(a) Revenue from external customers

	2018	2017
	RMB'000	*RMB'000*
PRC	**62,449**	65,573
United States of America	**–**	1,823
European Union	**4,919**	5,267
Other countries	**2,282**	–
	69,650	72,663

(b) Non-current assets

Non-current assets are principally located in the PRC.

Information about major customers

For the years ended 31 December 2018 and 2017, 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

An analysis of revenue is as follows:

	2018	2017
	RMB'000	*RMB'000*
Revenue from contracts with customers:		
Sales of pressure vessels	**42,588**	41,642
Sales of aquarium products	**11,996**	8,805
Sales of marine fire-fighting equipment	**5,414**	9,291
Inspection service fees	**9,272**	11,027
Marine fire-fighting equipment inspection service fees	**373**	1,370
Commission income	**7**	528
	69,650	72,663

Revenue from contracts with customers

(i) Disaggregate revenue information

For the year ended 31 December 2018

Segments	Fire-fighting equipment *RMB'000*	Inspection services *RMB'000*	Trading *RMB'000*	Aquarium products *RMB'000*	Marine fire-fighting *RMB'000*	Total *RMB'000*
Type of goods or services						
Sales of goods	**42,588**	**–**	**–**	**11,996**	**5,414**	**59,998**
Inspection services	**–**	**9,645**	**–**	**–**	**–**	**9,645**
Commission income from trading of goods	**–**	**–**	**7**	**–**	**–**	**7**
Total revenue from contracts with customers	**42,588**	**9,645**	**7**	**11,996**	**5,414**	**69,650**
Geographical markets						
PRC	**35,387**	**9,645**	**7**	**11,996**	**5,414**	**62,449**
European Union	**4,919**	**–**	**–**	**–**	**–**	**4,919**
Other countries	**2,282**	**–**	**–**	**–**	**–**	**2,282**
Total revenue from contracts with customers	**42,588**	**9,645**	**7**	**11,996**	**5,414**	**69,650**
Timing of revenue recognition						
Goods transferred at a point in time	**42,588**	**–**	**7**	**11,996**	**5,414**	**60,005**
Services transferred over time	**–**	**9,645**	**–**	**–**	**–**	**9,645**
Total revenue from contracts with customers	**42,588**	**9,645**	**7**	**11,996**	**5,414**	**69,650**
Revenue from contracts with customers						
External customers	**42,588**	**9,645**	**7**	**11,996**	**5,414**	**69,650**

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities as at 1 January 2018 (note 2.2):

	2018
	RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:	
Trade deposits received in respect of sales of pressure vessels	**910**
Trade deposits received in respect of sales of aquarium products	**2**
Trade deposits received in respect of sales of marine fire-fighting equipment	**1,682**
	2,594

Information about the Group's performance obligations is summarised below:

Sale of pressure vessels, iron casted grooved couplings, marine fire-fighting equipment and aquarium products

The performance obligation is satisfied upon delivery of the industrial products and payment is generally due within two months from delivery, except for new customers, where payment in advance is normally required. For the sale of marine fire-fighting equipment, a certain percentage of payment is retained by customers until the end of the retention period as the Group's entitlement to the final payment is conditional on the satisfaction of the product quality by the customers over a certain period as stipulated in the contracts. Some contracts of sales of aquarium products provide customers with a right of return which give rise to variable consideration. Variable consideration on sale of goods has had no material impact to the Group's financial performance during the year.

Fire technology inspection services and marine fire-fighting equipment inspection services

The performance obligation is satisfied over time as services are rendered and payment is generally due upon completion of installation and customer acceptance.

Trading of sanitary-ware and other products

The Group is acted as a purchase agent for trading of sanitary-ware and other products for and on behalf of the customers. The performance obligation is satisfied upon delivery of sanitary-ware and other products. The commission income is recorded with the net amount and payment is generally due within 90 days from the date of billing.

Other income and gains

	2018	2017
	RMB'000	*RMB'000*
Interest income	**37**	48
Income from investment products	**141**	36
Gross rental income	**–**	1,284
Sales of scraps	**81**	379
Fair value gains on investment properties	**240**	–
Exchange gain, net	**38**	–
Reversal of impairment of trade and bills receivables *(note 10)*	**92**	118
Reversal of write down of inventories to net realisable value	**–**	889
Reversal of over-provision on pension scheme contributions	**–**	305
Gain on disposal of items of property, plant and equipment	**–**	2
Government grant	**509**	237
Incentive for demolition of leased assets	**–**	1,135
Others	**53**	205
Total other income and gains	**1,191**	4,638

5. (LOSS)/PROFIT BEFORE TAX

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

	2018	2017
	RMB'000	*RMB'000*
Cost of inventories sold	**46,403**	46,005
Cost of services provided	**6,502**	9,079
	52,905	55,084
Amortisation of prepaid land lease payments	**3**	3
Amortisation of intangible assets*	**180**	180
Depreciation of property, plant and equipment	**1,125**	1,215
Minimum lease payments under operating leases:		
Land and buildings	**514**	511
Auditors' remuneration:		
Assurance services	**991**	916
Other services	**13**	13
	1,004	929

	Notes	2018 RMB'000	2017 RMB'000
Write off of items of property, plant and equipment		**–**	526
Write off of inventories		**34**	–
Write down of inventories to net realisable value		**–**	64
Employee benefits expenses (including directors' and supervisors' remuneration):			
Wages and salaries		**12,850**	13,118
Pension scheme contributions		**3,367**	3,379
		16,217	16,497
Exchange (gain)/loss, net		**(38)**	42
Gain on disposal of items of property, plant and equipment		**–**	(2)
Direct operating expenses arising from rental-earning investment properties		**47**	64
Reversal of impairment of trade and bills receivables	*4, 10*	**(92)**	(118)
Reversal of write down of inventories to net realisable value		**–**	(889)
Reversal of over-provision on pension scheme contributions		**–**	(305)
Fair value gains on investment properties	*4*	**(240)**	–
Interest income	*4*	**(37)**	(48)
Income from investment products	*4*	**(141)**	(36)

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

6. INCOME TAX

No provision for Hong Kong profits tax has been made as the Group has no assessable profits arising in Hong Kong during the year ended 31 December 2018 (2017: Nil).

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

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%. Four (2017: one) of the Company's subsidiaries and a branch of a subsidiary have been designated as a small-scale enterprise and were subject to the concessionary CIT rates of 10% of assessable profits (i.e. 20% on the 50% assessable profits), for the year ended 31 December 2018.

For the year ended 31 December 2017, the subsidiary designated as a small-scale enterprise was subject to CIT at 1% of its revenue (i.e. at a rate of 25% on 4% of its revenue).

	2018	2017
	RMB'000	*RMB'000*
Current — the PRC:		
Charge for the year	**1,125**	1,008
Under-provision in prior year	**32**	42
	1,157	1,050
Deferred tax	**60**	–
Total tax charge for the year	**1,217**	1,050

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

The calculation of basic loss per share amounts is based on the loss attributable to ordinary equity holders of the Company of RMB3,394,000 (2017: RMB230,000) and the number of ordinary shares of 187,430,000 (2017: 187,430,000) in issue during the year.

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

8. DIVIDEND

The directors of the Company do not recommend the payment of any dividend for the year ended 31 December 2018 (2017: Nil).

9. PROPERTY, PLANT AND EQUIPMENT AND RESTRICTED CASH BALANCE

Certain of the Group's plant and machineries (the "Plant") were situated on certain land and buildings (the "Leased Property"), which was previously owned by the former immediate holding company, 上海華盛企業(集團)有限公司 (literally translated as "Shanghai Huasheng Enterprises (Group) Co., Ltd. ("Huasheng")), which had granted a lease (the "Original Tenancy") to use to the Company in October 2008. The Leased Property had been pledged to secure bank loans granted by a bank (the "Bank") to Huasheng in March 2005. In May 2012, the Bank put the Leased Property into auction (the "Auction"). The Leased Property was acquired by the current landlord (the "Current Landlord", an independent third party) on 9 May 2013.

In 2015, the Current Landlord filed a suit (the "First Legal Case") in the Qingpu District People's Court ("青浦區人民法院") (the "Court") against the Company in respect of (i) requesting the Company to move out from the Leased Property; and (ii) paying rental expenses for the period from 9 May 2013 to 8 May 2015 as the Current Landlord was of the view that the Original Tenancy was not legally valid because the Original Tenancy was entered into between Huasheng and the Company without the consent of the Bank at the time or subsequently rectified by the Current Landlord. In 2016, the Court decided that (i) the Company had to move out from the Leased Property within 10 days of the civil judgment; and (ii) the Company had to pay the related rental expenses for the period from 9 May 2013 to the date having moved out from the Leased Property. The Company received an enforced execution of court decision notice and moved out from the Leased Property on 11 July 2017 as well as settled the rent up to 31 December 2016. As at 31 December 2017, approximately RMB1,284,000 was frozen by the court for the remaining rental expenses and was released in May 2018 under the Company's requisition. The remaining rental expenses of approximately RMB254,000 for the period from 1 January 2017 to 11 July 2017 (the date moved out from the Leased Property) has been awaiting the Court's instruction to be paid. After having moved out from the Leased Property, the Current Landlord filed an execution requisition (the "Execution Requisition") to the Court in respect of (i) requesting the Company to move out from the remaining parts of the Leased Property; (ii) handing over the keys, floor plans and the utilities facilities of the Leased Property; and (iii) reimbursing the tax on using urban land of approximately to RMB341,000 paid by the Current Landlord as the tax was charged by the local government on the Leased Property. The Execution Requisition was still in progress as at 31 December 2018 and the date of approving the consolidated financial statements.

In October 2016, the Company filed a suit (the "Second Legal Case") with the Court against the Current Landlord for recovering the construction costs of the underground facilities and the buildings (the "Counter-claimed Constructions") as the Company is of the view that (i) the Counter-claimed Constructions were constructed by the Company with the approval of Huasheng and therefore belonged to the Company; and (ii) the Counter-claimed Constructions had been excluded from the First Legal Case and the Auction. However, the valuer appointed by the Court cannot assess the present status of the Counter-claimed Constructions and the Second Legal Case was withdrawn by the Company. After collected more evidences, the Company filed a suit (the "Third Legal Case") with the Court against the Current Landlord for the Counter-claimed Constructions again with the same view of the Second Legal Case. During the year, the court judged that the Current Landlord has to pay for the construction costs of the underground facilities to the Company for the amount of RMB150,000. The construction costs have not been settled by the Current Landlord.

In the opinion of the directors of the Company, there was no significant financial impact on the Group as (i) the related unpaid rental expenses amounting to RMB254,000 for the period from 1 January 2017 to 11 July 2017 (the date moving out from the Leased Property) is insignificant to the Group; (ii) the Execution Requisition is outside the jurisdiction of the Court; and (iii) the construction costs receivable from the Current Landlord amounting to RMB150,000 is insignificant to the Group.

10. TRADE AND BILLS RECEIVABLES

	31 December 2018 *RMB'000*	1 January 2018 *RMB'000*	31 December 2017 *RMB'000*
Trade receivables	**18,041**	29,072	29,263
Less: Allowance for credit losses	**(1,483)**	(1,575)	(1,575)
	16,558	27,497	27,688
Bills receivables	**913**	912	912
	17,471	28,409	28,600

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

	2018	2017
	RMB'000	*RMB'000*
Within 1 month	**5,367**	5,477
1 to 2 months	**1,877**	4,947
2 to 3 months	**2,080**	2,223
3 to 6 months	**1,919**	4,050
6 to 12 months	**2,513**	2,734
1 to 2 years	**3,715**	9,169
	17,471	28,600

The movements in the loss allowance for impairment of trade receivables are as follows:

	2018	2017
	RMB'000	*RMB'000*
At 1 January	**1,575**	1,978
Effect of adoption of IFRS 9	**–**	–
At 1 January (restated)	**1,575**	–
Amount written off as uncollectible	**–**	(285)
Impairment losses reversed *(note 4)*	**(92)**	(118)
At 31 December	**1,483**	1,575

Impairment under IFRS 9 for the year ended 31 December 2018

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses, as follows:

	Neither past due nor impaired	**Less than 1 month past due**	**1 to 3 months past due**	**3 to 6 months past due**	**6 to 12 months past due**	**More than 1 year past due**	**Total**
Gross carrying amount *(RMB'000)*	6,855	1,453	1,712	1,808	5,211	1,002	18,041
Less: gross carrying amount of specific debtors without known financial difficulties *(RMB'000)*	(1,161)	(30)	(80)	–	(3,630)	–	(4,901)
Gross carrying amount excluding specific debtors without known financial difficulties *(RMB'000)*	5,694	1,423	1,632	1,808	1,581	1,002	13,140
Expected credit loss rate							1%–50%
Expected credit losses *(RMB'000)*							1,483

As the Group's historical credit loss experience for the inspection services segment, trading segment and aquarium products segments does not have material impairment records, the Group adjusted for factors that are specific to these debtors. The provision rates are based on days past due for groupings of various customer segments. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Impairment under IAS 39 for the year ended 31 December 2017

Included in the above provision for impairment of trade receivables, which was measured based on incurred credit losses under IAS 39, as at 31 December 2017 was a provision for individually impaired trade receivables of approximately RMB1,575,000 with carrying amounts before provision of approximately RMB1,646,000.

The aging analysis of the trade and bills receivables as at 31 December 2017 that were not individually nor collectively considered to be impaired under IAS 39 is as follows:

	2017 *RMB'000*
Neither past due nor impaired	12,056
Less than 1 month past due	1,235
1 to 3 months past due	3,323
3 to 6 months past due	2,110
6 to 12 months past due	5,207
More than 1 year past due	4,598
	28,529

Receivables that were neither past due nor impaired related to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired related to a large number of independent customers that had a good track record with the Group. Based on past experience, the directors of the Company were of the opinion that no provision for impairment under IAS 39 was necessary in respect of these balances as there had not been a significant change in credit quality and the balances were still considered fully recoverable.

11. TRADE PAYABLES

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

	2018	2017
	RMB'000	*RMB'000*
Within 1 month	**2,243**	2,490
1 to 2 months	**1,146**	2,442
2 to 3 months	**771**	788
Over 3 months	**4,048**	4,527
	8,208	10,247

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

12. DUE TO THE IMMEDIATE HOLDING COMPANY, NON-CONTROLLING INTERESTS AND A RELATED COMPANY

The amounts due to the immediate holding company, non-controlling interests and a related company are unsecured, interest-free and have no fixed terms of repayment.

The shareholder of the related company is one of the directors of the Company.

As at 31 December 2018, the immediate holding company, Liancheng, has undertaken to provide to the Company with an unsecured interest-free shareholder's loan facility in the sum of not exceeding RMB50 million (the "Facility") for the period expiring on 30 May 2020 (2017: 30 May 2019). As at 31 December 2018 and 2017, the Facility has not been drawn down.

13. INVESTMENT PROPERTIES

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 (the "PRC Government") officials, it has been confirmed that the Zhonggu Factories had been included in the Zhonggu Land Redevelopment Proposal.

On 25 December 2018, the Company has received a notice from Shanghai Qingpu District Housing Security and Housing Administration Bureau (上海市青浦區住房保障和房屋管理局) (the "Bureau"), confirming that the Zhonggu Factories are part of the state owned land resumption according to the Housing Expropriation and Compensation Regulations on State Owned Land (國有土地上房屋徵收與補償條例). On 14 March 2019, the Company has received a first draft valuation report dated 11 March 2019 (the "Report") from the Bureau. The valuation was done by Shanghai Real Estate Appraisers Co., Ltd. (上海房地產估值師事務所有限公司) selected by the Company and appointed by the Bureau. According to the Report, as at 28 January 2019 the compensation of the Zhonggu Factories, including but not limited to the land and building, is valued at RMB41,575,440. However, the Bureau has not yet formulated any specific schedule (other than an indicative completion date of 31 December 2019) or compensation proposal for resumption of such land parcels (including the Zhonggu Factories). The Bureau and the Company have not agreed on any special schedule or compensation proposal for resumption of the Zhonggu Factories.

The Zhonggu Factories are currently leased to a third party. Therefore, the resumption of the Zhonggu Factories has no material impact on the daily operation of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the year ended 31 December 2018, the Group recorded a turnover of approximately RMB69,650,000 (year ended 31 December 2017: RMB72,663,000), representing a decrease of approximately 4% over last year because of a decrease in inspection services segment and marine fire-fighting segment which was partially offset by an increase in aquarium products segment during the year.

GROSS PROFIT

For the year ended 31 December 2018, the Group recorded overall gross profit of approximately RMB16,745,000 (year ended 31 December 2017: RMB17,579,000). The gross profit ratio is approximately 24% for the years ended 31 December 2018 and 2017.

OTHER INCOME AND GAINS

Other income and gains for the year ended 31 December 2018 decreased by approximately RMB3,447,000 from RMB4,638,000 for the year ended 31 December 2017 to approximately RMB1,191,000. This is mainly due to (i) the one off incentive received for demolition of leased assets for the year ended 31 December 2017; (ii) no rental income for the year ended 31 December 2018 as lease agreement for investment properties expired in 2017; and (iii) the reversal of write down of inventories to net realisable value for the year ended 31 December 2017.

SELLING AND DISTRIBUTION COSTS

For the year ended 31 December 2018, the Group's selling and distribution costs decreased to approximately RMB2,858,000 from RMB2,944,000, representing a decrease of 3% over the corresponding period of last year. This is mainly due to the decrease in transportation cost on sale of pressure cylinders to customers located in other provinces.

ADMINISTRATIVE EXPENSES

For the year ended 31 December 2018, the Group's administrative expenses amounted to approximately RMB16,173,000 (year ended 31 December 2017: approximately RMB17,130,000), representing a decrease of 6%. The decrease is mainly due to the write off of items of property, plant and equipment in 2017 and the tight control on administrative expenses during the year.

FINANCE COST

No finance cost was recorded for the year ended 31 December 2018 (year ended 31 December 2017: Nil).

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

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%. Four (2017: one) of the Company's subsidiaries and a branch of a subsidiary have been designated as a small-scale enterprise and were subject to the concessionary CIT rates of 10% of assessable profits (i.e. 20% on the 50% assessable profits) for the year ended 31 December 2018.

For the year ended 31 December 2017, the subsidiary designated as a small-scale enterprise was subject to CIT at 1% of its revenue (i.e. at a rate of 25% on 4% of its revenue).

The effective tax rate of the Group is (108)% for the year ended 31 December 2018 (year ended 31 December 2017: 51%). 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 2018, profit for the year attributable to non-controlling interests is approximately RMB1,048,000 (year ended 31 December 2017: RMB1,259,000).

LOSS ATTRIBUTABLE TO THE OWNERS OF THE COMPANY

For the year ended 31 December 2018, the Group recorded loss for the year attributable to the owners of the Company of approximately RMB3,394,000 (year ended 31 December 2017: RMB230,000). The loss was primary attributable to the loss of fire-fighting equipment segment during the year.

NET CURRENT ASSETS

As at 31 December 2018, the Group had current assets of approximately RMB65,944,000, based on which, the current ratio was 3.3 (31 December 2017: 3.1). The current liabilities decreased from RMB22,704,000 as at 31 December 2017 to RMB19,731,000 as at 31 December 2018. Current assets as at 31 December 2018 mainly comprised inventories of approximately RMB13,889,000 (31 December 2017: RMB12,151,000), trade and bills receivables of approximately RMB17,471,000 (31 December 2017: RMB28,600,000), prepayments, deposits and other receivables of approximately RMB3,996,000 (31 December 2017: RMB4,014,000) and cash and bank deposits of approximately RMB29,668,000 (31 December 2017: RMB23,358,000). The inventories turnover days for the year is 96 days (31 December 2017: 81 days). Trade and bills receivables decreased by 39% because a receivable secured by an asset from a major debtor was substantially collected during the year. Current liabilities mainly comprised trade payables of approximately RMB8,208,000 (31 December 2017: RMB10,247,000), other payables and accrued charges of approximately RMB4,547,000 (31 December 2017: RMB7,010,000).

GEARING RATIO

The Group's gearing ratio as at 31 December 2018 was 30% (31 December 2017: 33.0%), which was expressed as a percentage of the total liabilities divided by the total equity. The decrease was mainly attributable to decrease in trade payables and other payables and accruals.

LITIGATION

Please refer the details of litigation to note 9 to the announcement.

CAPITAL STRUCTURE AND FINANCIAL RESOURCES

As at 31 December 2018, the Group had net assets of approximately RMB82,861,000 (31 December 2017: RMB85,207,000). The Group's operations are financed principally by internal sources, shareholders' borrowings and shareholders' equity.

As at 31 December 2018, the immediate holding company, Liancheng, has undertaken to provide to the Company with an unsecured interest-free shareholder's loan facility in the sum of not exceeding RMB50 million (the "Facility") for the period expiring on 30 May 2020 (2017: 30 May 2019). As at 31 December 2018 and 2017, the Facility has not been drawn down.

PROSPECT

Fire safety forms an essential part of national public security, and the development level of the fire protection industry is an important indicator of the level of national economic and social development. Fire protection products manufacturing is the foundation for the fire protection industry. According to the "Implementation Rules for Compulsory Product Certification" (《強制性產品認證實施規則》) promulgated by the Certification and Accreditation Administration of the PRC on 30 May 2014, fire protection products in China can be mainly divided into four major categories: fire extinguishing products, fire alarm products, fire protection products, and fire-fighting equipment products. At present, there are more than 5,000 fire-fighting product manufacturers in China which shows the large overall size of the fire protection industry. However, there is a lack of industry-leading enterprises showing relatively scattered market share occupied by each company and low industry concentration. China's GDP has maintained a relatively rapid growth rate in recent years; meanwhile the urbanization process has steadily advanced. As economic growth constantly invest in the construction of fire protection systems, the demand for fire protection products will continue to expand. The government at all levels attaches great importance to fire protection, the fire safety supervision system is gradually improved, and the public security awareness is enhanced, all of which create favourable conditions for the development of the fire protection industry. The fire protection industry is ushering in good development opportunities. 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.

Regarding to the land resumption of the Zhonggu Factories, please refer the details to note 13 of the announcement.

In 2017, 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. The production in Yuanfeng has been moved to its fellow subsidiaries and there is no material impact on the daily operations of the Group.

EMPLOYEES

As at 31 December 2018, the Group had 233 employees (2017: 232 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.

EQUITY-LINKED AGREEMENT

No equity-linked agreement was entered by the Company 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.

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 consolidated 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 2018.

SCOPE OF WORK OF AUDITORS

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2018 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 2018. 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 2018 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, 22 March 2019

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