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Shanghai Qingpu Fire-Fighting Equipment Co., Ltd.*
上海青浦消防器材股份有限公司
(a joint stock limited company incorporated in the People's Republic of China)
(Stock Code: 8115)

**FIRST QUARTERLY RESULTS ANNOUNCEMENT
FOR THE THREE MONTHS ENDED 31 MARCH 2021**

**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

QUARTERLY RESULTS (UNAUDITED)

The Board of Directors (the “Board”) of Shanghai Qingpu Fire-Fighting Equipment Co., Ltd. (the “Company”, and together with its subsidiaries, collectively the “Group”) presents the unaudited results of the Group for the three months ended 31 March 2021 together with the unaudited comparative figures for the corresponding period in 2020, as follows:

	<i>Notes</i>	Unaudited	
		Three months ended 31 March	
		2021	2020
		RMB'000	RMB'000
Revenue	3	16,952	9,529
Cost of sales		(11,797)	(6,280)
Gross profit		5,155	3,249
Other income and gains	3	112	310
Selling and distribution expenses		(397)	(361)
Administrative expenses		(2,405)	(2,247)
Finance cost		(129)	(20)
Profit before tax		2,336	931
Income tax expense	4	(80)	(42)
Profit for the period and total comprehensive income for the period		2,256	889
Attributable to:			
Owners of the Company		510	(118)
Non-controlling interests		1,746	1,007
		2,256	889
Profit/(loss) per share attributable to ordinary equity holders of the Company (RMB)			
— Basic (cents)	5	0.27	(0.06)
— Diluted (cents)		0.27	(0.06)

Notes:

1. GENERAL

Shanghai Qingpu Fire-Fighting Equipment Co., Ltd. (“上海青浦消防器材股份有限公司”) (the “Company”) is a joint stock limited liability company in the People’s Republic of China (the “PRC”). 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 period, 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;
- sales of marine fire-fighting equipment and provision of related installation and inspection services;
- trading of other products; and
- sales of aquarium products.

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

2. PRINCIPAL ACCOUNTING POLICIES

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

The unaudited condensed financial statements for the three months ended 31 March 2021 are unaudited, but have been reviewed by the audit committee of the Company.

The accounting policies adopted are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2020.

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

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

3. REVENUE, OTHER INCOME AND GAINS

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

	Unaudited	
	Three months ended	
	31 March	
	2021	2020
	RMB'000	RMB'000
Revenue from contracts with customers		
Sales of pressure vessels	4,580	2,237
Inspection services fee	1,567	1,103
Sales of aquarium products	7,074	3,562
Sales of marine fire-fighting equipment	2,080	1,210
	15,301	8,112
Revenue from other sources		
Gross rental income	1,651	1,417
	16,952	9,529
Other income and gains		
Interest income	2	8
Sales of scraps	-	11
Government grant	109	291
	112	310
Total revenue, other income and gains	17,064	9,839

4. INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong during the three months ended 31 March 2021 (three months ended 31 March 2020: Nil).

Under the Corporate Income Tax Law, the corporate income tax (“CIT”) rate applicable to small-scale enterprises with low profitability that meet certain conditions including the assessable profits not more than RMB3,000,000, shall be reduced to 20%. Certain of the Company’s subsidiaries have been designated as a small-scale enterprise, pursuant to which (i) the first RMB1,000,000 of assessable profits (the “1st Assessable Profits”) of these subsidiaries is effectively taxable at 5% (i.e. 20% on 25% of the 1st Assessable Profit); and (ii) the remaining assessable profits not over RMB3,000,000 (the “Remaining Assessable Profit”) is effectively taxable at 10% (i.e. 20% on the 50% of the Remaining Assessable Profits).

Under the Corporate Income Tax Law, the CIT for other companies in the Group is calculated at a rate of 25% (three months ended 31 March 2020: 25%) on the Group’s estimated assessable profits for the three months ended 31 March 2021.

	Unaudited	
	Three months ended	
	31 March	
	2021	2020
	RMB’000	RMB’000
Current tax — PRC:		
Charge for the period	<u><u>80</u></u>	<u><u>42</u></u>

5. PROFIT/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic profit/(loss) per share for the three months ended 31 March 2021 is based on the profit attributable to equity holders of the Company of approximately RMB510,000 (three months ended 31 March 2020: loss attributable to equity holders of the Company of approximately RMB118,000), and on the number of 187,430,000 (31 March 2020: 187,430,000) ordinary shares in issue during the period.

No adjustment has been made to the basic profit/(loss) per share amounts for the three months ended 31 March 2021 and 2020 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during those periods.

6. DIVIDEND

No dividend have been paid or declared by the Group during the three months ended 31 March 2021 (three months ended 31 March 2020: Nil).

7. EQUITY

	Attributable to owners of the Company									
	Paid up capital <i>RMB'000</i>	Share premium <i>RMB'000</i>	Capital reserve <i>RMB'000</i>	Statutory reserve fund <i>RMB'000</i>	Discretionary common reserve fund <i>RMB'000</i>	Asset revaluation reserve <i>RMB'000</i>	Accumulated losses <i>RMB'000</i>	Total <i>RMB'000</i>	Non-controlling interests <i>RMB'000</i>	Total equity <i>RMB'000</i>
As at 1 January 2021	18,743	10,910	43,655	7,571	1,500	11,299	(23,811)	69,867	3,513	73,380
Profit for the period and total comprehensive income for the period	-	-	-	-	-	-	510	510	1,746	2,256
As at 31 March 2021	<u>18,743</u>	<u>10,910</u>	<u>43,655</u>	<u>7,571</u>	<u>1,500</u>	<u>11,299</u>	<u>(23,301)</u>	<u>70,377</u>	<u>5,259</u>	<u>75,636</u>
As at 1 January 2020	18,743	10,910	43,655	7,061	1,500	11,299	(21,898)	71,270	(204)	71,066
Profit for the period and total comprehensive income for the period	-	-	-	-	-	-	(118)	(118)	1,007	889
As at 31 March 2020	<u>18,743</u>	<u>10,910</u>	<u>43,655</u>	<u>7,061</u>	<u>1,500</u>	<u>11,299</u>	<u>(22,016)</u>	<u>71,152</u>	<u>803</u>	<u>71,955</u>

8. RELATED PARTY TRANSACTIONS

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

	Unaudited Three months ended 31 March 2021 <i>RMB'000</i>		2020 <i>RMB'000</i>
Inspection services income 上海石化消防工程有限公司 (literally translated as “Shanghai Petro-Chemical Fire-fighting Engineering Company Limited”, “SPFE”)		<u>5</u>	<u>14</u>
Sale of goods 中聯城消防科技集團有限公司 (literally translated as “Zhong Lian Cheng Fire-Fighting Technology Group SPFE Limited”, “ZLCFT”)		<u>9</u>	<u>-</u>

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

BUSINESS AND FINANCIAL REVIEW

Turnover

For the three months ended 31 March 2021, the Group recorded a turnover of approximately RMB16,952,000 (three months ended 31 March 2020: RMB9,529,000), representing an increase of approximately 78% over the corresponding period of last year mainly due to the resumption of business activities which were mostly suspended over the corresponding period last year due to the outbreak of the Coronavirus Disease 2019 (“COVID-19”), and an increase in sale of aquarium products to distributors of overseas market during the three months ended 31 March 2021 due to lock down situation over the world last year.

Gross profit

For the three months ended 31 March 2021, the Group’s overall gross profit was approximately RMB5,155,000 (three months ended 31 March 2020: RMB3,249,000). The gross profit ratio excluding gross rental income, which does not incur cost of sales, remains stable at 23% for the three months ended 31 March 2021 (three months ended 31 March 2020: 23%).

Other income and gains

For the three months ended 31 March 2021, the Group’s other income and gains decreased to approximately RMB112,000 from RMB310,000, representing a decrease of 64% over the corresponding period of last year. This is mainly because of the decrease in government grant.

Selling and distribution expenses

For the three months ended 31 March 2021, the Group’s selling and distribution expenses increased to approximately RMB397,000 from RMB361,000, representing an increase of 10% over the corresponding period of last year. This is mainly because of increase in transportation fee as result of increase in turnover. However, the increase had been narrowed down by the decrease in travelling and promotion fee.

Administrative expenses

For the three months ended 31 March 2021, the Group’s administrative expenses increased to approximately RMB2,405,000 from RMB2,247,000, representing an increase of 7% over the corresponding period of last year. This is mainly because of increase in listing fee.

Finance costs

For the three months ended 31 March 2021, the Group’s finance costs increased to approximately RMB129,000 from RMB20,000, representing an increase of 545% over the corresponding period of last year. This is mainly because of interest of approximately RMB106,000 was incurred during the three months ended 31 March 2021 (three months 31 March 2020: RMB: Nil) for bank borrowings obtained in September 2020 to partial finance the payment of consideration for the production plant.

Profit for the period

At a result of the above, for the three months ended 31 March 2021, the Group recorded a profit for the period of approximately RMB2,256,000 (three months ended 31 March 2020: RMB889,000).

Income tax expense

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

Under the Corporate Income Tax Law, the CIT rate applicable to small-scale enterprises with low profitability that meet certain conditions including the assessable profits not more than RMB3,000,000, shall be reduced to 20%. Certain of the Company’s subsidiaries have been designated as a small-scale enterprise, pursuant to which (i) the first RMB1,000,000 of assessable profits (the “1st Assessable Profits”) of these subsidiaries is effectively taxable at 5% (i.e. 20% on 25% of the 1st Assessable Profit); and (ii) the remaining assessable profits not over RMB3,000,000 (the “Remaining Assessable Profit”) is effectively tax at 10% (i.e. 20% on the 50% of the Remaining Assessable Profits).

The effective tax rate of the Group is 4% for the three months ended 31 March 2021 (three months ended 31 March 2020: 5%). It is due to the offset of the net loss in certain subsidiaries against net profits arising from other subsidiaries of the Group and the utilisation of certain tax loss brought forward from prior periods to offset the assessable profits generated during the period.

Non-controlling interests

For the three months ended 31 March 2021, profit for the period attributable to non-controlling interests is approximately RMB1,746,000 (three months ended 31 March 2020: profit of RMB1,007,000). The increase is mainly arising from the increase in profits of certain non-wholly-owned subsidiaries for the three months ended 31 March 2021 when compared with three months ended 31 March 2020.

BUSINESS REVIEW

The Company’s fire extinguisher products cover three categories, carbon dioxide, water-based, and dry powder. The wide product range offered by the Company can meet the diversified needs of the customers. In addition, the Company’s fire extinguishers for non-marine use are granted the Certificate for Product Type Approval by the China Certification Center for Fire Products and its fire extinguishers for marine use are granted the Certificates of Type Approval by the China Classification Society, Shanghai Branch. The Company’s pressure cylinders have obtained the manufacture licence in the PRC and they meet the quality standards or requirements of the United States of America and the European Union.

Since the outbreak of the COVID-19, the prevention and control of the COVID-19 has been going on throughout China. Facing the epidemic situation, the Group, while cooperating with the government to fight the epidemic situation, actively took measures to avoid the economic loss of the Group. The recent launch of various COVID-19 vaccines have provided protection and have a positive effect to the economy. While the traditional business activities are getting back on track, sale of aquarium products to distributors of overseas market which is boosted because of lock down situation over the world last year, is still growing in the first quarter of 2021.

PROSPECT

With change in business strategies since 2019 and all the follow up work done in 2020 by the Company, we believe we can sharpen our competitive edge and further improve our result. After the new production plant bought by a subsidiary of the Company, 上海荻野生物科技有限公司 (literally translated “Shanghai Ogino Biotechnology Co., Limited”, “Shanghai Ogino”) expected to be completed in 2021, sale of aquarium products could be boosted further because of better production capacity and better corporate image to attract new customers. The Company will also prudently consider acquiring relevant enterprises with proven track record by way of capital increment in accordance with the relevant laws and regulations in order to further improve profitability of the Company.

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

As at 31 March 2021, the interests and short positions of the Directors and supervisors of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”)) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the minimum standards of dealing by directors as referred to in Rule 5.46 of the Rules Governing the Listing of Securities on the GEM (the “GEM Listing Rules”), were as follows:

Long positions in shares of the Company

Name	Capacity	Number of shares	Approximate percentage of total issued share capital
Mr. Zhou Jin Hui (<i>Note 1</i>)	Held by controlled corporation	133,170,000	71.05%

Note:

- Liancheng hold 131,870,000 domestic shares of the Company. Liancheng Fire Protection Group (Hong Kong) Company Limited, a 100% subsidiary of Liancheng, holds 1,300,000 H shares of the Company. Zhejiang Hengtai owns 80% of Liancheng and Mr. Zhou Jin Hui owns 58% of Zhejiang Hengtai. Accordingly, Mr. Zhou Jin Hui is deemed to be interested in 131,870,000 domestic shares and 1,300,000 H shares in the Company.

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

Save as disclosed above, as at 31 March 2021, none of the Directors and supervisors of the Company has any interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the minimum standards of dealing by directors as referred to in Rule 5.46 of the GEM Listing Rules.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2021, the following persons (other than the Director and supervisors of the Company) have interests and short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

Name	Capacity	Number of shares	Approximate percentage of total registered Share capital
Liancheng Fire-Fighting Group Company Limited (<i>Note 3</i>)	Beneficial owner	131,870,000 (<i>Note 1</i>)	70.36%
	Held by controlled corporation	1,300,000 (<i>Note 2</i>)	0.69%
Zhejiang Hengtai Real Estate Joint Stock Co., Ltd.	Held by controlled corporation	131,870,000 (<i>Note 1</i>)	70.36%
	Held by controlled corporation	1,300,000 (<i>Note 2</i>)	0.69%
Mr. Zhou Jin Hui	Held by controlled corporation	131,870,000 (<i>Note 1</i>)	70.36%
		1,300,000 (<i>Note 2</i>)	0.69%

Notes:

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

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

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

Save as disclosed above, the Company has not been notified of any other person had relevant interests representing 5 percent or more in the issued shares capital of the Company as at 31 March 2021.

DIRECTORS' AND SUPERVISORS' INTERESTS IN CONTRACTS

To the best knowledge of the Board, save as disclosed in note 8 of this announcement, no contracts of significance in relation to the Company's business to which the Company was a party and in which any persons who were Directors and supervisors of the Company during the three months ended 31 March 2021 had a material interest, whether directly or indirectly, subsisted at 31 March 2021 or at any time during the three months ended 31 March 2021.

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

During the three months ended 31 March 2021, the Company did not purchase, sell or redeem any of the Company's listed securities.

CORPORATE GOVERNANCE

The Company wish to state that it has complied with all code provisions set out in the Code on Corporate Governance Practices contained in the Appendix 15 of the GEM Listing Rules (the "Code") during the period.

(1) Corporate Governance Practices

The Company is committed to promoting good corporate governance, with the objectives of (i) the maintenance of responsible decision making, (ii) the improvement in transparency and disclosure of information to shareholders, (iii) the continuance of respect for the rights of shareholders and the recognition of the legitimate interests of the shareholders, and (iv) the improvement in management of risk and the enhancement of performance by the Company. The Company has applied Appendix 15 of the GEM Listing Rules with these objectives in mind.

(2) Directors' Securities Transactions

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of the Directors of the Company, all Directors have complied with the required standard of dealings and code of conduct regarding securities transactions by directors.

AUDIT COMMITTEE

The Company has an audit committee (the “Audit Committee”) established with written terms of reference in compliance with GEM Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal controls of the Group and to provide advice to the Directors of the Company.

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

The Audit Committee has reviewed the Group’s unaudited results for the three months ended 31 March 2021 and has provided advice and comments thereon.

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

Shanghai, 11 May 2021

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

This announcement will be published on the GEM website on the “Latest Company Announcements” page for at least 7 days from the date of publication and on the website of the Company www.shanghaiqingpu.com.