



Shanghai Qingpu Fire-Fighting Equipment Co., Ltd.\*

上海青浦消防器材股份有限公司

*(a joint stock limited company incorporated in the People's Republic of China)*

**(Stock Code: 8115)**

## **INTERIM REPORT 2021**

\* *For identification purpose only*

## **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 report, 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 report 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 report misleading.*

## **CORPORATE INFORMATION**

### **BOARD OF DIRECTORS**

#### *Executive Directors*

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

#### *Independent Non-Executive Directors*

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

### **AUDIT COMMITTEE**

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

### **AUTHORISED REPRESENTATIVE**

Mr. Chan Chi Wai Benny  
Mr. Shi Hui Xing

### **COMPANY SECRETARY**

Mr. Chan Chi Wai Benny

### **AUDITORS**

Ascenda Cachet CPA Limited

### **PRINCIPAL BANKERS**

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

### **H SHARE SHARE REGISTRAR AND TRANSFER OFFICE**

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

### **REGISTERED OFFICE**

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

### **PRINCIPAL PLACE OF BUSINESS IN HONG KONG**

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

### **STOCK CODE**

8115

## **INTERIM RESULTS (UNAUDITED)**

The Board of Directors (the “Board”) of Shanghai Qingpu Fire-Fighting Equipment Co., Ltd. (the “Company”, together with its subsidiaries, collectively the “Group”) is pleased to announce the unaudited consolidated results of the Group for the six months ended 30 June 2021. For the six months ended 30 June 2021, the unaudited revenue is approximately RMB35,150,000, representing an increase of approximately RMB6,236,000 or approximately 22% as compared with that of the same period in 2020. Profit attributable to owners of the Company was approximately RMB3,327,000 for the six months ended 30 June 2021 representing an increase of 201% comparing to approximately RMB1,106,000 for the corresponding period in 2020.

The unaudited condensed consolidated financial statements of the Group for the three months and six months ended 30 June 2021 together with the unaudited comparative figures for the corresponding periods in 2020 are as follows:

#### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

|   | <i>Notes</i> | Unaudited<br>Three months ended<br>30 June |                        | Unaudited<br>Six months ended<br>30 June |                        |
|---|--------------|--|------------------------|--|------------------------|
|   |              | 2021<br><i>RMB'000</i>                     | 2020<br><i>RMB'000</i> | 2021<br><i>RMB'000</i>                   | 2020<br><i>RMB'000</i> |
| Revenue   | 4            | <b>18,198</b>                              | 19,385                 | <b>35,150</b>                            | 28,914                 |
| Cost of sales   |              | <b>(12,086)</b>                            | (13,709)               | <b>(23,883)</b>                          | (19,989)               |
| Gross profit  |              | <b>6,112</b>                               | 5,676                  | <b>11,267</b>                            | 8,925                  |
| Other income and gains  | 4            | <b>4,064</b>                               | 971                    | <b>4,176</b>                             | 1,281                  |
| Selling and distribution<br>expenses  |              | <b>(606)</b>                               | (329)                  | <b>(1,003)</b>                           | (690)                  |
| Administrative expenses   |              | <b>(4,404)</b>                             | (3,560)                | <b>(6,809)</b>                           | (5,807)                |
| Finance costs   |              | <b>(103)</b>                               | (10)                   | <b>(232)</b>                             | (30)                   |
| Profit before tax   | 5            | <b>5,063</b>                               | 2,748                  | <b>7,399</b>                             | 3,679                  |
| Income tax expenses   | 6            | <b>(1,140)</b>                             | (177)                  | <b>(1,220)</b>                           | (219)                  |
| Profit for the period   |              | <b>3,923</b>                               | 2,571                  | <b>6,179</b>                             | 3,460                  |
| Attributable to:  |              |  |                        |  |                        |
| Owners of the Company   |              | <b>2,817</b>                               | 1,224                  | <b>3,327</b>                             | 1,106                  |
| Non-controlling interests   |              | <b>1,106</b>                               | 1,347                  | <b>2,852</b>                             | 2,354                  |
|   |              | <b>3,923</b>                               | 2,571                  | <b>6,179</b>                             | 3,460                  |
| Earnings per share<br>attributable to ordinary<br>equity holders of the Company | 8            |  |                        |  |                        |
| — Basic ( <i>RMB cent(s)</i> )  |              | <b>1.50</b>                                | 0.65                   | <b>1.78</b>                              | 0.59                   |
| — Diluted ( <i>RMB cent(s)</i> )  |              | <b>1.50</b>                                | 0.65                   | <b>1.78</b>                              | 0.59                   |

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

|  | Unaudited           |                | Unaudited           |                |
|--|---------------------|----------------|---------------------|----------------|
|  | Three months ended  |                | Six months ended    |                |
|  | 30 June             |                | 30 June             |                |
|  | 2021                | 2020           | 2021                | 2020           |
|  | <i>RMB'000</i>      | <i>RMB'000</i> | <i>RMB'000</i>      | <i>RMB'000</i> |
| PROFIT FOR THE PERIOD                                    | <b>3,923</b>        | 2,571          | <b>6,179</b>        | 3,460          |
| OTHER COMPREHENSIVE INCOME<br>FOR THE PERIOD, NET OF TAX | —                   | —              | —                   | —              |
| <b>TOTAL COMPREHENSIVE INCOME<br/>FOR THE PERIOD</b>     | <b><u>3,923</u></b> | <u>2,571</u>   | <b><u>6,179</u></b> | <u>3,460</u>   |
| Attributable to:   |                     |                |                     |                |
| Owners of the Company                                    | <b>2,817</b>        | 1,224          | <b>3,327</b>        | 1,106          |
| Non-controlling interests                                | <b>1,106</b>        | 1,347          | <b>2,852</b>        | 2,354          |
|  | <b><u>3,923</u></b> | <u>2,571</u>   | <b><u>6,179</u></b> | <u>3,460</u>   |

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

|  |              | Unaudited<br>as at<br><b>30 June<br/>2021</b> | Audited<br>as at<br>31 December<br>2020 |
|--|--------------|---|---|
|  | <i>Notes</i> | <b>RMB'000</b>                                | <b>RMB'000</b>                          |
| <b>NON-CURRENT ASSETS</b>  |              |   |   |
| Property, plant and equipment  |              | 9,782   | 8,809                                   |
| Right-of-use assets  |              | 1,051   | 1,416                                   |
| Investment properties  | 9            | –   | 24,300                                  |
| Goodwill   | 10           | 4,211   | 4,211                                   |
| Intangible assets  |              | 765   | 855                                     |
| Deposit and other receivables  | 11           | 15,005  | 15,086                                  |
| Total non-current assets   |              | <b>30,814</b>                                 | 54,677                                  |
| <b>CURRENT ASSETS</b>  |              |   |   |
| Inventories  |              | 10,955  | 8,391                                   |
| Trade and bills receivables  | 12           | 4,830   | 10,170                                  |
| Prepayments, deposits and other receivables                                    |              | 3,118   | 4,745                                   |
| Due from related companies   |              | 776   | 776                                     |
| Cash and cash equivalents  |              | 33,208  | 30,596                                  |
|  |              | <b>52,887</b>                                 | 54,678                                  |
| Non-current assets classified as held for sale                                 | 13           | 28,000  | –                                       |
| Total current assets   |              | <b>80,887</b>                                 | 54,678                                  |
| <b>CURRENT LIABILITIES</b>   |              |   |   |
| Trade payables   | 14           | 2,413   | 5,769                                   |
| Other payables and accruals  |              | 10,356  | 10,472                                  |
| Interest-bearing bank borrowings, secured                                      | 15           | 897   | 897                                     |
| Lease liabilities  |              | 288   | 623                                     |
| Due to the immediate holding company   | 16           | 906   | 906                                     |
| Due to non-controlling interests   |              | 41  | 41                                      |
| Due to a related company   |              | 2,625   | 2,477                                   |
| Tax payables   |              | –   | 572                                     |
|  |              | <b>17,526</b>                                 | 21,757                                  |
| Liabilities directly associated with the assets<br>classified as held for sale | 13           | 6,575   | –                                       |
| Total current liabilities  |              | <b>24,101</b>                                 | 21,757                                  |
| <b>NET CURRENT ASSETS</b>  |              | <b>56,786</b>                                 | 32,921                                  |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>                                   |              | <b>87,600</b>                                 | 87,598                                  |

|   |              | <b>Unaudited<br/>as at<br/>30 June<br/>2021</b> | Audited<br>as at<br>31 December<br>2020 |
|---|--------------|---|---|
|   | <i>Notes</i> | <b>RMB'000</b>                                  | <b>RMB'000</b>                          |
| <b>NON-CURRENT LIABILITIES</b>                      |              |   |   |
| Interest-bearing bank borrowings, secured           | 15           | <b>7,401</b>                                    | 7,850                                   |
| Lease liabilities                                   |              | <b>640</b>                                      | 718                                     |
| Deferred tax liabilities                            |              | –   | 5,650                                   |
|   |              | <hr/>   | <hr/>                                   |
| Total non-current liabilities                       |              | <b>8,041</b>                                    | 14,218                                  |
|   |              | <hr/>   | <hr/>                                   |
| Net assets  |              | <b>79,559</b>                                   | 73,380                                  |
|   |              | <hr/> <hr/>                                     | <hr/> <hr/>                             |
| <b>EQUITY</b>                                       |              |   |   |
| <b>Equity attributable to owners of the Company</b> |              |   |   |
| Paid up capital                                     |              | <b>18,743</b>                                   | 18,743                                  |
| Reserves  |              | <b>54,451</b>                                   | 51,124                                  |
|   |              | <hr/>   | <hr/>                                   |
|   |              | <b>73,194</b>                                   | 69,867                                  |
| Non-controlling interests                           |              | <b>6,365</b>                                    | 3,513                                   |
|   |              | <hr/>   | <hr/>                                   |
| Total equity  |              | <b>79,559</b>                                   | 73,380                                  |
|   |              | <hr/> <hr/>                                     | <hr/> <hr/>                             |



## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

|   | Attributable to owners of the Company |                |                  |                         |                      |                            |                     |               |                           |               |
|---|---------------------------------------|----------------|------------------|-------------------------|----------------------|----------------------------|---------------------|---------------|---------------------------|---------------|
|   | Paid-up capital                       | Share premium* | Capital reserve* | Discretionary           |                      | Asset revaluation reserve* | Accumulated losses* | Total         | Non-controlling interests | Total equity  |
|   |                                       |                |                  | Statutory reserve fund* | common reserve fund* |                            |                     |               |                           |               |
| RMB'000   | RMB'000                               | RMB'000        | RMB'000          | RMB'000                 | RMB'000              | RMB'000                    | RMB'000             | RMB'000       | RMB'000                   |               |
| <i>Six months ended 30 June 2021</i>                                |                                       |                |                  |                         |                      |                            |                     |               |                           |               |
| Balance 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 | -                                     | -              | -                | -                       | -                    | -                          | 3,327               | 3,327         | 2,852                     | 6,179         |
| Balance at 30 June 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>(20,484)</u>     | <u>73,194</u> | <u>6,365</u>              | <u>79,559</u> |
| <i>Six months ended 30 June 2020</i>                                |                                       |                |                  |                         |                      |                            |                     |               |                           |               |
| Balance 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 | -                                     | -              | -                | -                       | -                    | -                          | 1,106               | 1,106         | 2,354                     | 3,460         |
| Balance at 30 June 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>(20,792)</u>     | <u>72,376</u> | <u>2,150</u>              | <u>74,526</u> |

\* These reserve accounts comprise the consolidated reserves of approximately RMB54,451,000 (30 June 2020: RMB53,633,000) in the condensed consolidated statement of financial position.

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

|  | Unaudited<br>Six months ended<br>30 June |                        |
|--|--|------------------------|
|  | 2021<br><i>RMB'000</i>                   | 2020<br><i>RMB'000</i> |
| Net cash flows from/(used in) operating activities   | <b>3,952</b>                             | (34)                   |
| Net cash flows used in investing activities          | <b>(719)</b>                             | (7)                    |
| Net cash flows used in financing activities          | <b>(621)</b>                             | (83)                   |
| Net increase/(decrease) in cash and cash equivalents | <b>2,612</b>                             | (124)                  |
| Cash and cash equivalents at beginning of period     | <b>30,596</b>                            | 26,505                 |
| Cash and cash equivalents at end of period           | <b>33,208</b>                            | 26,381                 |

Notes:

## 1. GENERAL

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").

The Group's principal activities during the period are set out in note 3.

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.

### 2.1 BASIS OF PREPARATION

The unaudited condensed consolidated financial statements of the Group have been prepared in accordance with International Accounting Standard ("IAS") No. 34 "Interim Financial Reporting" and International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and the Rules Governing the Listing of Securities on the GEM ("GEM Listing Rules"). The financial information has been prepared under the historical convention, except for investment properties/investment properties reclassified as non-current assets classified as held for sale that are measured at fair value.

### 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

Other than the adoption of the accounting policies and the revised IFRSs as below, the accounting policies adopted are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2020.

In the current interim period, the Group has adopted, for the first time, the following revised standards and interpretations (the "new and revised IFRSs") published by the IASB:

|   |  |
|---|--|
| Amendments to IFRS 9, IAS 39, IFRS 7,<br>IFRS 4 and IFRS 16 | Interest rate Benchmark Reform — Phase 2 |
| Amendments to IFRS 16                                       | Covid-19-Related Rent Concessions        |

These amendments did not have any significant impact on the Group's unaudited condensed consolidated financial statements.

### 2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group does not early adopt the following new and revised IFRSs, that have been issued but are not yet effective, in these unaudited condensed consolidated financial statements:

|   |  |
|---|--|
| Amendments to IFRS 3                    | Reference to the Conceptual Framework <sup>2</sup>   |
| Amendments to IFRS 10 and IAS 28 (2011) | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>4</sup> |
| Amendment to IFRS 16                    | Covid-19-Related Rent Concessions beyond 30 June 2021 <sup>1</sup>                                 |
| IFRS 17                                 | Insurance Contracts <sup>3</sup>   |
| Amendments to IFRS 17                   | Insurance Contracts <sup>3,6</sup>   |
| Amendments to IAS 1                     | Classification of Liabilities as Current or Non-current <sup>3,5</sup>                             |
| Amendments to IAS 1                     | Disclosure of Accounting Policies <sup>3</sup>   |
| Amendments to IAS 8                     | Definition of Accounting Estimates <sup>3</sup>  |
| Amendments to IAS 12                    | Deferred tax related to Assets and Liabilities arising from a Single Transaction <sup>3</sup>      |
| Amendments to IAS 16                    | Property, Plant and Equipment: Proceeds before Intended Use <sup>2</sup>                           |
| Amendments to IAS 37                    | Onerous Contracts — Cost of Fulfilling a Contract <sup>2</sup>                                     |
| Annual Improvements to IFRSs 2018–2020  | Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41 <sup>2</sup>  |

<sup>1</sup> Effective for annual periods beginning on or after 1 April 2021

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2022

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2023

<sup>4</sup> No mandatory effective date yet determined but available for adoption

<sup>5</sup> As a consequence of the amendments to IAS 1, International Interpretation 5 Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause was revised in October 2020 to align the corresponding wording with no change in conclusion

<sup>6</sup> As a consequence of the amendments to IFRS 17 issued in October 2020, IFRS 4 was amended to extend the temporary exemption that permits insurers to apply IAS 39 rather than IFRS 9 for annual periods beginning before 1 January 2023

### 3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has 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) Aquarium products segment — sale of aquarium products;
- (iii) Marine fire-fighting equipment segment — sales of marine fire-fighting equipment and provision of related installation services;
- (iv) Inspection services segment — provision of fire technology inspection services and marine fire-fighting equipment inspection services;
- (v) Property investment segment — investment in office building and industrial properties for its rental income potential; and
- (vi) Trading segment — trading of other products.

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 before tax except that interest income, government grant and income from investment products as well as head office and corporate expenses are excluded from such measurement.

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

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

**Six months ended 30 June 2021**  
(Unaudited)

|   | Fire fighting<br>equipment<br>RMB'000 | Aquarium<br>products<br>RMB'000 | Marine<br>fire-fighting<br>equipment<br>RMB'000 | Inspection<br>services<br>RMB'000 | Property<br>investment<br>RMB'000 | Trading<br>RMB'000 | Total<br>RMB'000 |
|---|---------------------------------------|---------------------------------|---|-----------------------------------|-----------------------------------|--------------------|------------------|
| <b>Segment revenue:</b>                       |                                       |                                 |   |                                   |                                   |                    |                  |
| Sales/services provided to external customers | 8,155                                 | 15,436                          | 3,846   | 4,365                             | -                                 | -                  | 31,802           |
| Gross rental income                           | -                                     | -                               | -   | -                                 | 3,348                             | -                  | 3,348            |
|   | <u>8,155</u>                          | <u>15,436</u>                   | <u>3,846</u>                                    | <u>4,365</u>                      | <u>3,348</u>                      | <u>-</u>           | <u>35,150</u>    |
| <b>Segments results</b>                       | (2,737)                               | 3,404                           | (493)   | 795                               | 5,785                             | -                  | 6,754            |
| <b>Reconciliation:</b>                        |                                       |                                 |   |                                   |                                   |                    |                  |
| Interest income                               |                                       |                                 |   |                                   |                                   |                    | 75               |
| Government grant                              |                                       |                                 |   |                                   |                                   |                    | 217              |
| Income from investment products               |                                       |                                 |   |                                   |                                   |                    | 151              |
| Corporate and unallocated income              |                                       |                                 |   |                                   |                                   |                    | 202              |
| Profit before tax                             |                                       |                                 |   |                                   |                                   |                    | <u>7,399</u>     |
| Segment assets                                | 13,511                                | 22,128                          | 9,310   | 3,075                             | 30,469                            | -                  | 78,493           |
| Unallocated assets                            |                                       |                                 |   |                                   |                                   |                    | 33,208           |
| Total assets                                  |                                       |                                 |   |                                   |                                   |                    | <u>111,701</u>   |
| Segment liabilities                           | 5,624                                 | 10,583                          | 2,010   | 2,248                             | 1,530                             | -                  | 21,995           |
| Unallocated liabilities                       |                                       |                                 |   |                                   |                                   |                    | 10,147           |
| Total liabilities                             |                                       |                                 |   |                                   |                                   |                    | <u>32,142</u>    |
| Capital expenditure*                          | -                                     | 1,101                           | -   | 173                               | -                                 | -                  | 1,274            |
| Depreciation and amortisation                 | 302                                   | 251                             | -   | 162                               | 29                                | -                  | 744              |

**Six months ended 30 June 2020**  
**(Unaudited)**

|  | Fire fighting<br>equipment<br>RMB'000 | Aquarium<br>products<br>RMB'000 | Marine<br>fire-fighting<br>equipment<br>RMB'000 | Inspection<br>services<br>RMB'000 | Property<br>investment<br>RMB'000 | Trading<br>RMB'000 | Total<br>RMB'000 |
|--|---------------------------------------|---------------------------------|---|-----------------------------------|-----------------------------------|--------------------|------------------|
| <b>Segment revenue:</b>                          |                                       |                                 |   |                                   |                                   |                    |                  |
| Sales/services provided<br>to external customers | 7,946                                 | 9,069                           | 4,718   | 4,037                             | –                                 | 310                | 26,080           |
| Gross rental income                              | –                                     | –                               | –   | –                                 | 2,834                             | –                  | 2,834            |
|  | <u>7,946</u>                          | <u>9,069</u>                    | <u>4,718</u>                                    | <u>4,037</u>                      | <u>2,834</u>                      | <u>310</u>         | <u>28,914</u>    |
| <b>Segments results</b>                          | (1,181)                               | 1,788                           | 125   | 53                                | 2,834                             | –                  | 3,619            |
| Reconciliation:                                  |                                       |                                 |   |                                   |                                   |                    |                  |
| Interest income                                  |                                       |                                 |   |                                   |                                   |                    | 255              |
| Government grant                                 |                                       |                                 |   |                                   |                                   |                    | 291              |
| Corporate and<br>unallocated expenses            |                                       |                                 |   |                                   |                                   |                    | (486)            |
| Profit before tax                                |                                       |                                 |   |                                   |                                   |                    | <u>3,679</u>     |
| Segment assets                                   | 25,705                                | 11,664                          | 8,329   | 2,545                             | 26,308                            | 166                | 74,717           |
| Unallocated assets                               |                                       |                                 |   |                                   |                                   |                    | <u>26,381</u>    |
| Total assets                                     |                                       |                                 |   |                                   |                                   |                    | <u>101,098</u>   |
| Segment liabilities                              | 8,884                                 | 2,879                           | 2,994   | 1,460                             | –                                 | –                  | 16,217           |
| Unallocated liabilities                          |                                       |                                 |   |                                   |                                   |                    | <u>10,355</u>    |
| Total liabilities                                |                                       |                                 |   |                                   |                                   |                    | <u>26,572</u>    |
| Capital expenditure*                             | –                                     | –                               | –   | –                                 | –                                 | –                  | –                |
| Depreciation and<br>amortisation                 | <u>334</u>                            | <u>108</u>                      | <u>–</u>  | <u>90</u>                         | <u>–</u>                          | <u>–</u>           | <u>532</u>       |

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

### Information about a major customer

Revenue from customers contributing over 10% of the total revenue are as follows:

|              | Unaudited<br>Three months ended |                  | Unaudited<br>Six months ended |                  |
|--------------|---------------------------------|------------------|-------------------------------|------------------|
|              | 2021<br>RMB'000                 | 2020<br>RMB'000  | 2021<br>RMB'000               | 2020<br>RMB'000  |
| Customer A*  | 3,564                           | N/A <sup>#</sup> | 7,986                         | 4,902            |
| Customer B** | 2,216                           | N/A <sup>#</sup> | 3,828                         | N/A <sup>#</sup> |
|              | <u>5,780</u>                    | <u>N/A</u>       | <u>11,814</u>                 | <u>4,902</u>     |

\* Revenue from aquarium products segment.

\*\* Revenue from fire-fighting equipment segment.

# The corresponding revenue from such customer did not contribute 10% or more of the Group's total revenue.

#### 4. REVENUE, OTHER INCOME AND GAINS

An analysis of the Group's revenue is as follows:

|   | Unaudited<br>Three months ended<br>30 June |                 | Unaudited<br>Six months ended<br>30 June |                 |
|---|--|-----------------|--|-----------------|
|   | 2021<br>RMB'000                            | 2020<br>RMB'000 | 2021<br>RMB'000                          | 2020<br>RMB'000 |
| <b>Revenue from contracts with customers:</b> |  |                 |  |                 |
| Sales of pressure vessels                     | 3,575                                      | 5,709           | 8,155                                    | 7,946           |
| Sales of aquarium products                    | 8,362                                      | 5,507           | 15,436                                   | 9,069           |
| Sales of marine fire-fighting equipment       | 1,766                                      | 3,508           | 3,846                                    | 4,718           |
| Inspection service fees                       | 2,798                                      | 2,934           | 4,365                                    | 4,037           |
| Trading of other products                     | –  | 310             | –  | 310             |
|   | <u>16,501</u>                              | <u>17,968</u>   | <u>31,802</u>                            | <u>26,080</u>   |
| <b>Revenue from other sources:</b>            |  |                 |  |                 |
| Gross rental income                           | 1,697                                      | 1,417           | 3,348                                    | 2,834           |
|   | <u>18,198</u>                              | <u>19,385</u>   | <u>35,150</u>                            | <u>28,914</u>   |

Set out below is the disaggregation of the Group's revenue from contracts with customers:

|  | For the three months ended |               | For the six months ended |               |
|--|----------------------------|---------------|--------------------------|---------------|
|  | 30 June                    |               | 30 June                  |               |
|  | 2021                       | 2020          | 2021                     | 2020          |
|  | RMB'000                    | RMB'000       | RMB'000                  | RMB'000       |
| <b>Type of goods or services</b>                     |                            |               |                          |               |
| Sales of goods                                       | 13,703                     | 15,034        | 27,437                   | 22,043        |
| Inspection services                                  | 2,798                      | 2,934         | 4,365                    | 4,037         |
|  | <u>16,501</u>              | <u>17,968</u> | <u>31,802</u>            | <u>26,080</u> |
| <b>Geographical markets</b>                          |                            |               |                          |               |
| PRC  | 13,894                     | 10,579        | 24,615                   | 18,691        |
| European Union                                       | 2,607                      | 7,389         | 7,187                    | 7,389         |
|  | <u>16,501</u>              | <u>17,968</u> | <u>31,802</u>            | <u>26,080</u> |
| <b>Timing of revenue recognition</b>                 |                            |               |                          |               |
| Goods transferred at a point in time                 | 13,703                     | 15,034        | 27,437                   | 22,043        |
| Services transferred over time                       | 2,798                      | 2,934         | 4,365                    | 4,037         |
|  | <u>16,501</u>              | <u>17,968</u> | <u>31,802</u>            | <u>26,080</u> |
| <b>Revenue from contracts with customers</b>         |                            |               |                          |               |
| External customers                                   | <u>16,501</u>              | <u>17,968</u> | <u>31,802</u>            | <u>26,080</u> |
| <b>Other income and gains</b>                        |                            |               |                          |               |
| Interest income                                      | 73                         | 247           | 75                       | 255           |
| Income from investment products                      | 151                        | –             | 151                      | –             |
| Fair value gain on investment properties<br>(note 9) | 3,700                      | –             | 3,700                    | –             |
| Sales of scraps                                      | –                          | 724           | –                        | 735           |
| Government grant                                     | 101                        | –             | 217                      | 291           |
| Others   | 33                         | –             | 33                       | –             |
| Total other income and gains                         | <u>4,064</u>               | <u>971</u>    | <u>4,176</u>             | <u>1,281</u>  |



## 5. PROFIT BEFORE TAX

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

|   | Unaudited<br>Three months ended<br>30 June |                   | Unaudited<br>Six months ended<br>30 June |                   |
|---|--|-------------------|--|-------------------|
|   | 2021<br>RMB'000                            | 2020<br>RMB'000   | 2021<br>RMB'000                          | 2020<br>RMB'000   |
| Depreciation on right-of-use assets                       | 184  | 178               | 365                                      | 356               |
| Amortisation of intangible assets                         | 45   | 45                | 90                                       | 90                |
| Depreciation on property, plant and equipment             | 157  | 43                | 289                                      | 86                |
| Impairment of other receivables                           | 696  | –                 | 696                                      | –                 |
| Interest on lease liabilities included in financial costs | 9  | 15                | 23                                       | 30                |
| Staff costs   | 2,482                                      | 2,532             | 4,964                                    | 4,990             |
| Auditors' remuneration                                    | –  | –                 | –  | –                 |
| Fair value gain on investment properties                  | (3,700)                                    | –                 | (3,700)                                  | –                 |
|   | <u>          </u>                          | <u>          </u> | <u>          </u>                        | <u>          </u> |

## 6. INCOME TAX EXPENSES

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong during the six months ended 30 June 2021 (six months ended 30 June 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, pursuant to which, (i) the first RMB1,000,000 of assessable profits (the "1st Assessable Profits") of these subsidiaries is effective taxable at 5% (i.e. 20% on 25% of the 1st Assessable Profits); and (ii) the remaining assessable profits not over RMB3,000,000 (the "Remaining Assessable Profits") is 10% (i.e. 20% on the 50% of the Remaining Assessable Profits). Certain of the Company's subsidiaries have been designated as a small-scale enterprise. Under the Corporate Income Tax Law, the CIT for other companies in the Group is calculated at a rate of 25% on their estimated assessable profits.

|                                 | Unaudited<br>Three months ended<br>30 June |                   | Unaudited<br>Six months ended<br>30 June |                   |
|---------------------------------|--|-------------------|--|-------------------|
|                                 | 2021<br>RMB'000                            | 2020<br>RMB'000   | 2021<br>RMB'000                          | 2020<br>RMB'000   |
| Current tax — PRC               |  |                   |  |                   |
| Provision for the period        | 215  | 177               | 295                                      | 219               |
| Deferred tax                    | 925  | –                 | 925                                      | –                 |
|                                 | <u>          </u>                          | <u>          </u> | <u>          </u>                        | <u>          </u> |
| Total tax charge for the period | <u>1,140</u>                               | <u>177</u>        | <u>1,220</u>                             | <u>219</u>        |

## 7. DIVIDEND

No dividend has been paid or declared by the Company during the six months ended 30 June 2021 (six months ended 30 June 2020: Nil).

## 8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the earnings per share for the three months ended 30 June 2021 is based on the profit attributable to ordinary equity holders of the Company of approximately RMB2,817,000 (three months ended 30 June 2020: approximately RMB1,224,000), and on the number of 187,430,000 (30 June 2020: 187,430,000) ordinary shares in issue during the period.

The calculation of the earnings per share for the six months ended 30 June 2021 is based on the profit attributable to ordinary equity holders of the Company of approximately RMB3,327,000 (six months ended 30 June 2020: approximately RMB1,106,000), and on the number of 187,430,000 (30 June 2020: 187,430,000) ordinary shares in issue during the period.

No adjustment has been made to the basic earnings per share amounts for three months and six months ended 30 June 2021 and 2020 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during those periods.

## 9. INVESTMENT PROPERTIES

|   | <b>Unaudited</b> | Audited        |
|---|------------------|----------------|
|   | <b>30 June</b>   | 31 December    |
|   | <b>2021</b>      | 2020           |
|   | <b>RMB'000</b>   | <b>RMB'000</b> |
| Investment properties, at fair value  | <b>28,000</b>    | 24,300         |
| Less: Reclassified as non-current assets classified as held for sale ( <i>note 13</i> ) | <b>(28,000)</b>  | –              |
|   | <u>–</u>         | <u>24,300</u>  |

The investment properties represented industry properties located at 740 and 777 Zhonggu Street, Zhonggu Town, Qingpu District, Shanghai, the PRC (中國上海市青浦區重固鎮重固大街740及777號) (the “Zhonggu Factories”) under a medium term lease.

The Group engaged an independent professional valuer (the “Valuer”) to determine the fair value of the Zhonggu Factories as at 31 May 2021 for a proposed disposal transaction in relation to the land resumption as mentioned below, pursuant to their report (the “May 2021 Valuation Report”) dated 5 July 2021, the fair value of the Zhonggu Factories as at 31 May 2021 was RMB28,000,000.

The Directors’ considered that there were no material changes in the fair value of the Zhonggu Factories in June 2021 and therefore, the Directors’ are of the opinion that the fair value of the Zhonggu Factories reclassified as non-current assets classified as held for sale as at 30 June 2021 was RMB28,000,000 with reference to the May 2021 Valuation Report. The gain on the fair value adjustment of RMB3,700,000 (note 4) was recognised in the unaudited condensed consolidated statement of profit and loss for the period.

The Group's finance department, including the finance manager, reviewed the valuation performed by the Valuer for financial reporting purpose. At each financial year end, the finance department:

- Verified all major inputs to the independent valuation report;
- Assessed property valuation movements when compared to the prior year valuation report; and
- Held discussions with the Valuer.

### Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

| <b>Fair value measurement using</b>                                      |   |  |                          |  |
|--|---|--|--------------------------|--|
| <b>Quoted<br/>prices in<br/>active markets<br/>(Level 1)<br/>RMB'000</b> | <b>Significant<br/>observable<br/>input<br/>(Level 2)<br/>RMB'000</b> | <b>Significant<br/>unobservable<br/>Inputs<br/>(Level 3)<br/>RMB'000</b> | <b>Total<br/>RMB'000</b> |  |

Recurring fair value measurement for:

Industrial properties located in the PRC:

|                                       |   |   |               |               |
|---------------------------------------|---|---|---------------|---------------|
| <b>As at 30 June 2021 (unaudited)</b> | – | – | <b>28,000</b> | <b>28,000</b> |
| As at 31 December 2020 (audited)      | – | – | 24,300        | 24,300        |

During the period/year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

Below is a summary of the valuation techniques used and key inputs to the valuation of investment properties as at 30 June 2021 and 31 December 2020:

| Description           | Valuation techniques | Unobservable inputs                   | Range of unobservable inputs |                  | Relationship of unobservable inputs to fair value           |
|-----------------------|----------------------|---------------------------------------|------------------------------|------------------|---|
|                       |                      |                                       | 30 June 2021                 | 31 December 2020 |   |
| Industrial properties | Comparison approach  | (i) Monthly rental                    | <b>RMB20.3/sq m</b>          | RMB20.3/sq m     | The higher the monthly rental, the higher the fair value    |
|                       |                      | (ii) Reversionary yield per annum     | <b>6.17%</b>                 | 6.7%             | The higher the reversionary yield, the lower the fair value |
|                       |                      | (iii) Market unit sale rate per annum | <b>RMB3,600/sq m</b>         | RMB3,300/sq m    | The higher the market rate, the higher the fair value       |

### **Zhonggu Factories included a land redevelopment proposal and the proposed disposal transaction in relation to the land resumption**

In 2016, pursuant to the Letter on Confirmation of Land Redevelopment Proposal of Urban Villages located at Xin Lian Village and Mao Jia Jiao Village, Zhonggu Town, Qingpu District, Shanghai (《上海城鄉建設和管理委員會關於確認青浦區重固鎮新聯村、毛家角村“城中村”改造地塊實施方案的函》) (the “Land Zhonggu Redevelopment Proposal”) issued by the Shanghai Urban-Rural Construction and Management Commission and based on the discussion between the management and the relevant government officials, it has been confirmed that the Zhonggu Factories had been included in the Land Zhonggu Redevelopment Proposal (the “Land Resumption”). Thereafter, two valuation reports were issued in respect of the value of the Zhonggu Factories (the “2018–2019 Valuation Reports”). The Company disagreed with certain points in the 2018–2019 Valuation Reports and there were a series of disputes during the valuation procedures, including improper land resumption procedures, incorrect areas of the Zhonggu Factories and improper rehousing arrangements.

In order to maximise the compensation for the Land Resumption, in 2019, the Company had logged in legal objections (the “Objections”) to the court against the value of the Zhonggu Factories in the 2018–2019 Valuation Reports. No significant development occurred in respect of the Objections between 2019 to 2020. After mid-May 2021, the Qingpu District Zhonggu Town Land Resumption Office (青浦區重固鎮房屋土地徵收辦公室) and Qingpu District Zhonggu Town Construction Land Usage Reduction Office (青浦區重固鎮建設用地減量化工作室) (the “Offices”) proposed the entering into three resumption agreements (the “Land Resumption Agreements”) with the Company and as a pre-condition to proceed with the Land Resumption Agreements, on 27 May 2021, the Company agreed to withdraw the Objections. On 31 May 2021, Shanghai Number 2 Intermediate People’s Court acknowledged and approved the withdrawal of the Objections.

On 7 June 2021, the Company entered into the Land Resumption Agreements with the Offices, in respect of the Land Resumption. Pursuant to the Land Resumption Agreements, the Company shall surrender the Zhonggu Factories to the Offices for an aggregate compensation of approximately RMB87.0 million.

As at 30 June 2021, the Land Resumption has not been completed as the Land Resumption Agreements are conditional upon the passing of the relevant resolution at the Shareholders’ general meeting on 20 August 2021. The Directors are of the opinion that the Zhonggu Factories are available for immediate sale in its present condition and the Land Resumption is highly probable and therefore, the Zhonggu Factories are reclassified as non-current assets classified as held for sale as at 30 June 2021.

### **Financial effects of the Land Resumption**

Based on above, the aggregate book value of the Zhonggu Factories was RMB28.0 million. On account of the compensation of approximately RMB87.0 million, the amount payable to the ex-tenant of RMB4.0 million, legal and professional fee of approximately RMB1.0 million, the Company is expected to record an estimated net gain before tax from the Land Resumption of approximately RMB54 million. Such estimated gain has not taken into account any PRC corporate income tax. The actual amount of the gain from the Land Resumption to be recorded by the Group is subject to audit and will take into account any other costs and expenses incurred relating to the Land Resumption, and accordingly, it may be different from the amount stated above.

## 10. GOODWILL

|   | <i>RMB'000</i> |
|---|----------------|
| At 1 January 2020                       |                |
| Cost                                    | 4,211          |
| Accumulated impairment                  | —              |
|   | <hr/>          |
| Net carrying amount at 31 December 2020 | <u>4,211</u>   |
| At 31 December 2020 (audited)           |                |
| Cost                                    | 4,211          |
| Accumulated impairment                  | —              |
|   | <hr/>          |
| Net carrying amount                     | <u>4,211</u>   |
| At 30 June 2021 (unaudited)             |                |
| Cost                                    | 4,211          |
| Accumulated impairment                  | —              |
|   | <hr/>          |
| Net carrying amount                     | <u>4,211</u>   |

## 11. DEPOSITS AND OTHER RECEIVABLES CLASSIFIED AS NON-CURRENT ASSETS

|                                   | <b>Unaudited</b>      | Audited               |
|-----------------------------------|-----------------------|-----------------------|
|                                   | <b>30 June</b>        | 31 December           |
|                                   | <b>2021</b>           | 2020                  |
|                                   | <b><i>RMB'000</i></b> | <b><i>RMB'000</i></b> |
| Deposits paid ( <i>note (a)</i> ) | <b>12,817</b>         | 12,817                |
| Rental receivables                | <b>2,188</b>          | 2,269                 |
|                                   | <hr/>                 | <hr/>                 |
|                                   | <b>15,005</b>         | 15,086                |
|                                   | <u>15,005</u>         | <u>15,086</u>         |

*Note (a):*

On 14 July 2020, the Group entered into certain sale and purchase agreements with an independent third party (the “Developer”), pursuant to which, the Group acquired six properties (the “Tian Yi Properties”) located at 天億健康產業園 in Ci Xi, Zhejiang Province of the PRC from the Developer at an aggregate consideration of approximately RMB12,817,000. As at 30 June 2021, the consideration has been fully paid as deposits, in which, as to RMB8,971,700 was financed by mortgage bank borrowings (note 15). The Tian Yi Properties are expected to be completed in 2021. The deposits paid were classified as non-current assets as at the end of the reporting period as it related to a capital expenditure.

## 12. TRADE AND BILLS RECEIVABLES

|                                   | <b>Unaudited</b> | Audited        |
|-----------------------------------|------------------|----------------|
|                                   | <b>30 June</b>   | 31 December    |
|                                   | <b>2021</b>      | 2020           |
|                                   | <b>RMB'000</b>   | <b>RMB'000</b> |
| Trade receivables                 | <b>7,308</b>     | 11,979         |
| Less: Allowance for credit losses | <b>(2,716)</b>   | (2,716)        |
|                                   | <b>4,592</b>     | 9,263          |
| Bills receivables                 | <b>238</b>       | 907            |
|                                   | <b>4,830</b>     | 10,170         |

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 to three 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. Trade receivables are non-interest-bearing.

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

|                | <b>Unaudited</b> | Audited        |
|----------------|------------------|----------------|
|                | <b>30 June</b>   | 31 December    |
|                | <b>2021</b>      | 2020           |
|                | <b>RMB'000</b>   | <b>RMB'000</b> |
| Within 1 month | <b>1,881</b>     | 4,585          |
| 1 to 2 months  | <b>920</b>       | 1,967          |
| 2 to 3 months  | <b>751</b>       | 801            |
| 3 to 6 months  | <b>801</b>       | 1,692          |
| 6 to 12 months | <b>248</b>       | 399            |
| 1 to 2 years   | <b>229</b>       | 726            |
|                | <b>4,830</b>     | 10,170         |

### 13. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

As mentioned in note 9 to the unaudited condensed consolidated financial statements, the Company entered into the Land Resumption Agreements with the Offices on 7 June 2021 in respect of the Land Resumption. Pursuant to the Land Resumption Agreements, the Company shall surrender the Zhonggu Factories to the Offices for an aggregate compensation of approximately RMB87,000,000.

The completion of the Land Resumption is subject to, among others, the approval of the shareholders of the Company on 20 August 2021. As at 30 June 2021, the Zhonggu Factories are reclassified as non-current assets classified as held for sale and measured at fair value. The deferred tax liabilities directly related to the Zhonggu Factories are reclassified as liabilities directly associated with the assets classified as held for sale.

|  | <b>Unaudited</b><br><b>30 June</b><br><b>2021</b><br><b>RMB'000</b> | Audited<br>31 December<br>2020<br><b>RMB'000</b> |
|--|---|--|
| Non-current assets classified as held for sale ( <i>note 9</i> )                                       | <b>28,000</b>   | –  |
| Liabilities directly associated with the assets classified as held for sale — deferred tax liabilities | <b>6,575</b>  | –  |

### 14. TRADE PAYABLES

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

|                | <b>Unaudited</b><br><b>30 June</b><br><b>2021</b><br><b>RMB'000</b> | Audited<br>31 December<br>2020<br><b>RMB'000</b> |
|----------------|---|--|
| Within 1 month | <b>739</b>  | 2,585  |
| 1 to 2 months  | <b>697</b>  | 496  |
| 2 to 3 months  | <b>106</b>  | 261  |
| Over 3 months  | <b>871</b>  | 2,427  |
|                | <b>2,413</b>  | 5,769  |

## 15. INTEREST-BEARING BANK BORROWINGS, SECURED

|   | Effective interest rate | Maturity | Unaudited<br>30 June<br>2021<br>RMB'000 | Audited<br>31 December<br>2020<br>RMB'000 |
|---|-------------------------|----------|---|---|
| Bank borrowings ( <i>note (a)</i> )                     | Prime rate +0.25%       | 2030     | 8,298                                   | 8,747                                     |
| Less: Bank borrowings classified as non-current portion |                         |          | <u>(7,401)</u>                          | <u>(7,850)</u>                            |
| Bank borrowings classified as current portion           |                         |          | <u>897</u>                              | <u>897</u>                                |
| Analysed into:  |                         |          |   |   |
| bank borrowings repayable:                              |                         |          |   |   |
| Within one year   |                         |          | 897                                     | 897                                       |
| In the second year                                      |                         |          | 897                                     | 897                                       |
| In the third to fifth years, inclusive                  |                         |          | 2,691                                   | 2,691                                     |
| Over five years   |                         |          | <u>3,813</u>                            | <u>4,262</u>                              |
|   |                         |          | <u>8,298</u>                            | <u>8,747</u>                              |

### *Note (a):*

On 14 July 2020, the Group entered into certain sale and purchase agreements with the Developer, pursuant to which, the Group acquired the Tian Yi Properties from the Developer at an aggregate consideration of approximately RMB12,817,000.

On 25 September 2020, the Group entered into certain loan agreements (the “Loan Agreements”) with a state-owned bank (the “Bank”) in the PRC, pursuant to which, the Group was granted six loans (the “Loans”) by the Bank with an aggregate principal amount of RMB8,971,700 for a term of 10 years for the settlement of part of the consideration for the acquisition of the Tian Yi Properties (*note 11(a)*). The Loans are secured by (i) corporate guarantees given by the Developer, which will be released upon the completion and the transfer of the Tian Yi Properties to the Group; and (ii) pledge of the Tian Yi Properties. The Loans bear interest rate at prime rate of the National Interbank Funding Center (全國銀行間同業拆借中心) plus 0.25% and are repayable by 120 monthly installments since September 2020. As at 30 June 2021, the consideration has been fully paid as deposits.

## 16. DUE TO THE IMMEDIATE HOLDING COMPANY

The amount due to the immediate holding company is unsecured, interest-free and has no fixed terms of repayment.

As at 30 June 2021 and 31 December 2020, 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 2023. As at 30 June 2021 and 31 December 2020, the Facility has not been drawn down.

## 17. COMMITMENTS

As at 30 June 2021, apart from the deposit paid for the Tian Yi Properties, the Group has a capital commitment of approximately RMB1,020,000 (31 December 2020: Nil) regarding the acquisition of property, plant and equipment.



## 18. RELATED PARTY TRANSACTIONS

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

|   | Unaudited<br>Three months ended<br>30 June |          | Unaudited<br>Six months ended<br>30 June |           |
|---|--|----------|--|-----------|
|   | 2021                                       | 2020     | 2021                                     | 2020      |
|   | RMB'000                                    | RMB'000  | RMB'000                                  | RMB'000   |
| <b>Sale of goods</b>  |  |          |  |           |
| 中聯城消防科技集團有限公司<br>(literally translated as “Cheng<br>Fire-Fighting Technology Group<br>Company Limited”, “ZLCFT”)            | <u>10</u>                                  | <u>–</u> | <u>15</u>                                | <u>–</u>  |
| <b>Inspection services income</b>   |  |          |  |           |
| 上海石化消防工程有限公司<br>(literally translated as “Shanghai Petro-<br>Chemical Fire-Fighting Engineering<br>Company Limited, “SPFE”) | <u>13</u>                                  | <u>7</u> | <u>18</u>                                | <u>21</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 charged by and contracted with third parties.

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

|   | Unaudited<br>Three months ended<br>30 June |            | Unaudited<br>Six months ended<br>30 June |            |
|---|--|------------|--|------------|
|   | 2021                                       | 2020       | 2021                                     | 2020       |
|   | RMB'000                                    | RMB'000    | RMB'000                                  | RMB'000    |
| <b>Fees:</b>                              |  |            |  |            |
| Executive directors                       | <u>45</u>                                  | <u>45</u>  | <u>90</u>                                | <u>90</u>  |
| Independent non-executive directors       | <u>23</u>                                  | <u>23</u>  | <u>45</u>                                | <u>45</u>  |
|   | <u>68</u>                                  | <u>68</u>  | <u>135</u>                               | <u>135</u> |
| <b>Other emoluments:</b>                  |  |            |  |            |
| Salaries, allowances and benefits in kind | <u>63</u>                                  | <u>60</u>  | <u>126</u>                               | <u>120</u> |
| Pension scheme contributions              | <u>–</u>                                   | <u>–</u>   | <u>–</u>                                 | <u>–</u>   |
|   | <u>63</u>                                  | <u>60</u>  | <u>126</u>                               | <u>120</u> |
|   | <u>131</u>                                 | <u>128</u> | <u>261</u>                               | <u>255</u> |

## 19. LITIGATION

Certain of the Group's machinery and buildings were situated on land, part of which are with land use rights certificate (the "Leased Property With Certificate") and part of which are without land use rights certificate (the "Leased Property Without Certificate") (collectively, the "Leased Properties"). The Leased Properties were 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")). While the Leased Properties had been pledged to secure bank loans granted by a bank (the "Bank") to Huasheng in 2005, Huasheng had granted a lease (the "Original Tenancy") to use of the Leased Properties to the Company at annual rental of approximately RMB246,000 in 2008. In 2012, the Bank put the Leased Properties into auction (the "Auction"). The Leased Properties were acquired by the current landlord (the "Current Landlord", an independent third party) in 2013.

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 consent of the Bank at the time or subsequently rectified by the Current Landlord.

Although the Company had already moved out from the Leased Property With Certificate and the related rental expenses were settled, the Current Landlord filed a suit with a court against the Company in 2020 in respect of (i) requesting the Company to move out from the Leased Property Without Certificate; and (ii) paying land use fees for the period from 2015 up to the date the Company moves out from the Leased Property Without Certificate. As at 30 June 2021, the Company had moved out from the Leased Property Without Certificate.

As at 30 June 2021, the legal case was still in progress. The Company has engaged a lawyer to prepare the relevant evidence to respond and defend the legal case vigorously. As at 30 June 2021, the Company made a provision of RMB2,000,000 (31 December 2020: RMB2,000,000) for the legal case and the relevant professional fee.

## 20. CONTINGENT LIABILITIES

As at 30 June 2021, the Group did not have material contingent liabilities.

## **BUSINESS AND FINANCIAL REVIEW**

### **Revenue**

For the six months ended 30 June 2021, the Group recorded revenue of approximately RMB35,150,000 (six months ended 30 June 2020: approximately RMB28,914,000), representing an increase of approximately 22% over the corresponding period of last year. The increase in revenue is mainly due to an increase in sale of aquarium products to distributors of overseas market due to lock down situation over the world.

### **Cost of sales and gross profit**

For the six months ended 30 June 2021, the Group's cost of sales amounted to approximately RMB23,883,000 (six months ended 30 June 2020: approximately RMB19,989,000), representing an increase of approximately 20% over the corresponding period of last year. The main components of cost of sales for the Group are cost of trading products, raw materials which mainly including steel and aluminum, and labour cost.

For the six months ended 30 June 2021, the Group's gross profit amounted to approximately RMB11,267,000 (six months ended 30 June 2020: approximately RMB8,925,000), representing a stable gross profit ratio of 32% comparing to 31% for the corresponding period of last year.

### **Other revenue and income**

For the six months ended 30 June 2021, the Group's other revenue and income amounted to approximately RMB4,176,000 (six months ended 30 June 2020: approximately RMB1,281,000), representing an increase of approximately 226% over the corresponding period of last year. The increase in other revenue and income is mainly due to the fair value gain on the investment properties.

### **Selling and distribution expenses**

For the six months ended 30 June 2021, the Group's selling and distribution expenses amounted to approximately RMB1,003,000 (six months ended 30 June 2020: approximately RMB690,000), representing an increase of approximately 45% over the corresponding period of last year. The increase in selling and distributing expenses is mainly due to the increase in revenue.

### **Administrative expenses**

For the six months ended 30 June 2021, the Group's administrative expenses amounted to approximately RMB6,809,000 (six months ended 30 June 2020: approximately RMB5,807,000), representing an increase of approximately 17% over the corresponding period of last year. The increase in administrative expenses is mainly due to the impairment of other receivables.

### **Finance costs**

For the six months ended 30 June 2021, the Group's finance costs amounted to approximately RMB232,000 (six months ended 30 June 2020: approximately RMB30,000), representing an increase of approximately 673% over the corresponding period of last year. The finance costs mainly comprised of interest expenses of bank borrowings to partial finance the payment of consideration for a production plant.

### **Non-controlling interests**

For the six months ended 30 June 2021, the Group's profit for the period attributable to non-controlling interests amounted to approximately RMB2,852,000 (six months ended 30 June 2020: approximately RMB2,354,000). It is due to the profits in the aquarium products segment and rental income shared by the non-controlling interest.

### **Profit for the period**

For the six months ended 30 June 2021, the Group's profit for the period amounted to approximately RMB6,179,000 (six months ended 30 June 2020: approximately RMB3,460,000), representing an increase of 79% over the corresponding period of last year. The increase in profit for the period was primarily attributable to an increase in profit derived from sale of aquarium products and the fair value gain on the investment properties.

### **Income tax**

The effective tax charge rate of the Group is 16.5% for the six months ended 30 June 2021 (six months ended 30 June 2020: 6%) due to a net loss in certain subsidiaries offset 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. The Group recorded deferred tax of RMB925,000 (six months ended 30 June 2020: Nil) regarding the fair value gain on the investment properties during the period.

## **Net current assets**

As at 30 June 2021, the Group had current assets of approximately RMB80,887,000, based on which, the current ratio was 3.4 (31 December 2019: 2.5). The current liabilities increased from RMB21,757,000 as at 31 December 2020 to RMB24,101,000 as at 30 June 2021 mainly attributable to the reclassification of the deferred tax from non-current portion to current portion. Current assets as at 30 June 2021 mainly comprised non-current assets held for sale of approximately RMB28,000,000 (31 December 2020: Nil), inventories of approximately RMB10,955,000 (31 December 2020: RMB8,391,000), trade and bills receivables of approximately RMB4,830,000 (31 December 2020: RMB10,170,000), prepayments, deposits and other receivables of approximately RMB3,814,000 (31 December 2020: RMB4,745,000) and cash and bank deposits of approximately RMB33,208,000 (31 December 2020: RMB30,596,000). The inventories turnover days for the period is 167 days (31 December 2020: 58 days). The turnover days increased because increase in raw material and inventories to prepare for sale in second half of the year. Trade and bills receivables further improve to RMB4,830,000 (31 December 2020: RMB10,170,000). Current liabilities mainly comprised trade payables of approximately RMB2,413,000 (31 December 2020: RMB5,769,000) and other payables and accruals of approximately RMB10,356,000 (31 December 2020: RMB10,472,000).

## **Borrowings**

The outstanding bank borrowings of the Group were approximately RMB8,298,000 as at 30 June 2021 (31 December 2020: RMB8,747,000). On 25 September 2020, the Group entered into certain loan agreements (the “Loan Agreements”) with a state-owned bank (the “Bank”) in the PRC, pursuant to which, the Group was granted six loans (the “Loans”) by the Bank with an aggregate principal amount of RMB8,971,700 for a term of 10 years for the settlement of part of the consideration for the acquisition of a production plant.

## **Gearing ratio**

The Group’s gearing ratio as at 30 June 2021 was 40% (31 December 2020: 49%), which was expressed as a percentage of the total liabilities divided by the total equity.

## **Capital structure and financial resources**

As at 30 June 2021, the Group had net assets of approximately RMB79,559,000 (31 December 2020: RMB73,380,000). The Group’s operations are financed principally by internal resources, interest bearing bank borrowings, shareholders’ borrowings and shareholders’ equity.

As at 30 June 2021, 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 2023 (31 December 2020: 30 May 2022). As at 30 June 2021 and 31 December 2020, the Facility has not been drawn down.

## 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 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.

In 2016, pursuant to the Letter on Confirmation of Land Redevelopment Proposal of Urban Villages located at Xin Lian Village and Mao Jia Jiao Village, Zhonggu Town, Qingpu District, Shanghai (《上海城鄉建設和管理委員會關於確認青浦區重固鎮新聯村、毛家角村“城中村”改造地塊實施方案的函》) (the "Land Zhonggu Redevelopment Proposal") issued by the Shanghai Urban-Rural Construction and Management Commission and based on the discussion between the management and the relevant government officials, it has been confirmed that the Zhonggu Factories had been included in the Land Zhonggu Redevelopment Proposal. Thereafter, two valuation reports were issued in respect of the value of the Zhonggu Factories (the "2018–2019 Valuation Reports"). The Company disagreed with certain points in the 2018–2019 Valuation Reports and there were a series of disputes during the valuation procedures, including improper land resumption procedures, incorrect areas of the Zhonggu Factories and improper rehousing arrangements.

In order to maximise the compensation for the Land Resumption, in 2019, the Company had logged in the Objections to the court against the value of the Zhonggu Factories in the 2018–2019 Valuation Reports. No significant development occurred in respect of the Objections between 2019 to 2020. After mid-May 2021, the Offices proposed the entering into the Land Resumption Agreements with the Company and as a pre-condition to proceed with the Land Resumption Agreements, on 27 May 2021, the Company agreed to withdraw the Objections. On 31 May 2021, Shanghai Number 2 Intermediate People's Court acknowledged and approved the withdrawal of the Objections.

After evaluating the Land Resumption Agreements, taking into consideration the indicative valuation of the Zhonggu Factories and other compensations as stipulated in the Land Resumption Agreements, the Directors considered that the cash proceeds from the Land Resumption could provide additional cash flow and enhance the working capital situation of the Group. In addition, the Directors believe the Land Resumption can redeploy idle resources of the Group for further development opportunities. Therefore, the Directors consider that the terms of the Land Resumption Agreements and the Land Resumption contemplated thereunder are on normal commercial terms and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

On 7 June 2021, the Company entered into the Land Resumption Agreements with the Offices, in respect of the Land Resumption. Pursuant to the Land Resumption Agreements, the Company shall surrender the Zhonggu Factories to the Offices for an aggregate compensation of approximately RMB87.0 million.

The Land Resumption Agreements are conditional upon the passing of the relevant resolution at the shareholders' general meeting on 20 August 2021, should the shareholders vote against the relevant resolution to pass the Land Resumption Agreements, the Company will not proceed with the Land Resumption and the Company will not be entitled to the RMB87.0 million compensation stipulated under the Land Resumption Agreements. Given the fact that the Group's fire-fighting equipment production activities have been assumed by the Group's other production bases and taking into consideration the conditions of production facilities at the Zhonggu Factories, particularly utilities there had been suspended, the Zhonggu Factories will very likely continue to be idle. Should the Land Resumption Agreements not proceed to completion, the Company will continue to discuss with the Offices for other settlement alternatives, however, the discussion outcomes will remain uncertain and the Company and the Offices may or may not reach any other agreement in respect of the Land Resumption. In any event, the Company cannot foresee what further action(s) will be taken by the Offices and the Shanghai government if the Land Resumption Agreements do not proceed to completion.

Since the outbreak of the Coronavirus Disease 2019 ("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 Group had promoted employees' home office and network office and maintained close contact with suppliers and customers, and tried to maintain the normal development of business activities. The Group had minimal business activities because of the epidemic. With the help of Special Cylinder leasing out the entire factory which reduces overhead costs and provides stable income, the impact was reduced but the Group will face more challenges to get the business on track again.

On 14 July 2020, a subsidiary of the Company, 上海荻野生物科技有限公司 (Shanghai Ogino Biotechnology Co., Limited\*) ("Shanghai Ogino"), entered into an agreement (the "Transaction") to purchase 6 properties with a total building area of approximately 3,233 sq. m., located at 天億健康產業園 (Tian Yi Health Industrial Park\*) (the "Properties"), in Ci Xi, Zhejiang Province of the PRC, for an aggregate consideration of approximately RMB12,817,000 (the "Purchase Consideration"). The Purchase Consideration was paid by Shanghai Ogino's internal resources and by a bank loan in the PRC. With the new production plant, sale of aquarium products could be boosted further because of better production capacity and better corporate image to attract new customers.

## **PROSPECT**

Business environment in post-pandemic economy will be difficult and challenging. We believe that the Company, with all the work done and change in business strategies and experienced management team, will be able to sharpen the competitive edge. The Company has secured a stable income and centralized production and will continue to develop new market of higher-margin products/businesses. The Company will also prudently seek for business opportunities which may arise from COVID-19 with the aim to enhance shareholder value.

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

As at 30 June 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:*

1. Liancheng holds 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 and Mr. Zhou Jin Hui owns 58% of Zhejiang Hengtai. Accordingly, Mr. Zhou Jin Hui was deemed to be interested in 131,870,000 domestic shares and 1,300,000 H shares in the Company.

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

Save as disclosed above, as at 30 June 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 30 June 2021, the following persons, other than Directors and supervisors of the Company, had an interests and a short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

### Long positions in shares of the Company

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

#### Notes:

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

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

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

Save as disclosed above, the Company has not been notified of any other person with relevant interests representing 5% or more in the issued shares capital of the Company as at 30 June 2021.

## **DIRECTORS' AND SUPERVISORS' INTERESTS IN CONTRACTS**

To the best knowledge of the Board, except for those disclosed in note 18, no contracts of significance in relation to the Company's business to which the Company was a party and in which any person who were Directors or supervisors of the Company during the six months ended 30 June 2021 had a material interest, whether directly or indirectly, subsisted at 30 June 2021 or at any time during the six months ended 30 June 2021.

## **EMPLOYEES**

As at 30 June 2021, the Group had 132 employees (30 June 2020: 217 employees). Remuneration is determined by reference to market terms and the performance, qualifications, and experience of individual employee. Other benefits include contributions to retirement scheme.

Under relevant local government regulations, the Company is required to make contributions to a defined contribution retirement scheme for all qualified employees in the PRC. The Company has, in compliance with relevant local government regulations, made payment for such scheme during the year. The Company has no obligation for the payment of other retirement and non-retirement benefits of employees other than the contributions described above.

The Company has not experienced any significant labour disputes or strikes which have led to the disruption of its normal business operations. The Directors consider that the Company's relationship with its employees to be good.

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

During the six months ended 30 June 2021, the Company and its subsidiaries did not purchase, sell or redeem any of the Company's listed securities.

## **DIVIDENDS**

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: Nil).

## **CORPORATE GOVERNANCE**

Pursuant to Rule 18.44(2) and Appendix 15 of the GEM Listing Rules, the Company wishes to state that it has complied with all code provisions set out in the Code on Corporate Governance Practices (the “Code”) contained in the Appendix 15 of the GEM Listing Rules during the year.

### **(1) Corporate Governance Practices**

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

### **(2) Directors’ Securities Transactions**

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

## **AUDIT COMMITTEE**

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

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

The Audit Committee has reviewed the Group’s unaudited financial statements for the six months ended 30 June 2021.

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

Shanghai, 10 August 2021

*As at the date of this report, the executive Directors are Mr. Zhou Jin Hui (Chairman), 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 report will be published on the GEM website on the “Latest Company Announcement” page at [www.hkgem.com](http://www.hkgem.com) and on the website of the Company at [www.shanghaiqingpu.com](http://www.shanghaiqingpu.com) for at least 7 days from the date of publication.*