Shanghai Qingpu Fire-Fighting Equipment Co., Ltd.*
上 海 青 浦 消 防 器 材 股 份 有 限 公 司
(a joint stock limited company incorporated in the People's Republic of China)
(Stock Code: 8115)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

This announcement, for which the directors (the "Directors") of Shanghai Qingpu Fire-Fighting Equipment Co., Ltd. (the "Company", together with its subsidiaries, the "Group") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

* *For the identification purpose only*

The Board hereby presents the audited consolidated final results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2021 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2021

	Notes	**2021** *RMB'000*	2020 *RMB'000*
Revenue	*4*	**72,830**	72,517
Cost of sales and services provided	*5*	**(49,472)**	(52,059)
Gross profit		**23,358**	20,458
Other income and gains	*4*	**66,399**	2,879
Selling and distribution expenses		**(2,511)**	(1,753)
Administrative expenses		**(14,678)**	(15,037)
Finance costs		**(474)**	(160)
Reversal of/(provision for impairment) of trade receivables, net	*5*	**583**	(2,739)
Profit before tax	*5*	**72,677**	3,648
Income tax expense	*6*	**(6,036)**	(976)
Profit for the year		**66,641**	2,672
Attributable to:			
Owners of the Company		**59,750**	(1,403)
Non-controlling interests		**6,891**	4,075
		66,641	2,672
EARNINGS/(LOSS) PER SHARE	*8*		
Basic *(RMB cents)*		**31.88**	(0.75)
Diluted *(RMB cents)*		**31.88**	(0.75)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2021

	2021	2020
	RMB'000	*RMB'000*
PROFIT FOR THE YEAR	**66,641**	2,672
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**–**	–
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**66,641**	2,672
Attributable to:		
Owners of the Company	**59,750**	(1,403)
Non-controlling interests	**6,891**	4,075
	66,641	2,672

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2021

	Notes	2021 RMB'000	2020 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	9	**20,493**	8,809
Right-of-use assets		**1,705**	1,416
Investment properties	10	**–**	24,300
Goodwill		**4,211**	4,211
Intangible assets		**675**	855
Deposits and other receivables		**2,108**	15,086
Total non-current assets		**29,192**	54,677
CURRENT ASSETS			
Inventories		**12,518**	8,391
Trade and bills receivables	11	**5,610**	10,170
Prepayments, deposits and other receivables		**2,858**	4,745
Due from related companies		**716**	776
Cash and cash equivalents		**121,001**	30,596
Total current assets		**142,703**	54,678
CURRENT LIABILITIES			
Trade payables	12	**4,184**	5,769
Other payables and accruals		**5,877**	10,472
Interest-bearing bank borrowings, secured	13	**897**	897
Lease liabilities		**533**	623
Due to immediate holding company	14	**906**	906
Due to non-controlling interests	14	**41**	41
Due to related companies	14	**–**	2,477
Tax payables		**124**	572
Total current liabilities		**12,562**	21,757
NET CURRENT ASSETS		**130,141**	32,921
TOTAL ASSETS LESS CURRENT LIABILITIES		**159,333**	87,598

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December 2021

	Notes	2021 RMB'000	2020 RMB'000
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings, secured	13	**6,953**	7,850
Lease liabilities		**1,200**	718
Deferred tax liabilities		**11,159**	5,650
Total non-current liabilities		**19,312**	14,218
Net assets		**140,021**	73,380
EQUITY			
Equity attributable to owners of the Company			
Paid-up capital	15	**18,743**	18,743
Reserves		**110,874**	51,124
		129,617	69,867
Non-controlling interests		**10,404**	3,513
Total equity		**140,021**	73,380

NOTES:

1. CORPORATE AND GROUP INFORMATION

Shanghai Qingpu Fire-Fighting Equipment Factory was transformed into a joint stock limited liability company in the People's Republic of China (the "PRC") on 1 December 2000 and was renamed as Shanghai Qingpu Fire-Fighting Equipment Co., Ltd. ("上海青浦消防器材股份有限公司") (the "Company"). The registered office of the Company is located at No. 1988, Jihe Road, Hua Xin Town, Qingpu District, Shanghai, the PRC and its principal place of business in Hong Kong is situated at Unit 2605, Island Place Tower, 510 King's Road, North Point, Hong Kong.

The Company's H shares are listed on the GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

During the year, the Group's principal activities have not changed and consisted of the followings:

- manufacture and sale of pressure vessels (including fire-fighting equipment products and pressure vessels products);
- sales of marine fire-fighting equipment and provision of related installation and inspection services;
- provision of fire technology inspection services;
- manufacture and sale of aquarium products;
- trading of other products; and
- lease of office building and industrial properties.

In the opinion of the directors (the "Directors") of the Company, 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.

Information about subsidiaries

Particulars of the subsidiaries of the Company are as follows:

Name	Place of establishment and business	Registered capital/paid-up capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
上海黎明消防檢測有限公司*+ (Shanghai Liming Fire Testing Co., Limited) ("Liming")	The People's Republic of China (The "PRC")	RMB5,000,000	90%	–	Provision of fire technology inspection services
上海鐵錨壓力容器(集團)有限公司*+ (Shanghai Anchor Pressure Vessel (Group) Limited) ("Anchor")	PRC	RMB70,000,000	90%	9%	Investment holding
上海元奉高壓容器有限公司*+ (Shanghai Yuanfeng Pressure Vessels Co., Limited) ("Yuanfeng")	PRC	RMB5,000,000	–	94.05%	Inactive
上海元蓬國際貿易有限公司*+ (Shanghai J.S.X. International Trading Corporation)	PRC	RMB5,000,000	–	94.05%	Trading of pressure vessels and other products
上海高壓特種氣瓶有限公司*@+ (Shanghai Pressure Special Gas Cylinder Co., Limited) ("Special Cylinder")	PRC	RMB19,170,000	–	59.4%	Lease of industrial properties
上海安航海上消防設備有限公司*+ (Shanghai An Hang Marine Fire-Fighting Equipment Co., Limited) ("Shanghai An Hang")	PRC	RMB5,000,000	90%	9%	Sales of marine fire-fighting equipment and provision of related installation and inspection services
上海荻野生物科技有限公司*+ (Shanghai Ogino Biotechnology Co., Limited) ("Shanghai Ogino")	PRC	RMB4,000,000	–	44.1%^	Manufacture and sale of aquarium products
寧波狄野生物科技有限公司*+ (Ningbo Ogino Biotechnology Co., Limited) ("Ningbo Ogino")	PRC	RMB1,000,000	–	44.1%^	Sales of aquarium products

* Ascenda Cachet CPA Limited is not the statutory auditor of these subsidiaries.

\+ These subsidiaries are registered as limited liability companies in the PRC.

@ Pursuant to shareholders agreement, the profit of Special Cylinder would be shared by Anchor and the non-controlling interest (上海洋涇工業公司 (literally translated as "Shanghai Yangjing Industrial Co.")), at 54% and 46%, respectively.

^ The Company, through its non-wholly owned subsidiary, has a majority voting right in the board of directors of both of Shanghai Ogino and Ningbo Ogino so as to directly control its operating, financing and relevant activities through the respective board of directors. Shanghai Ogino and Ningbo Ogino are accounted for as subsidiaries of the Group by virtue of the Company's control over them.

2.1 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") (which include all International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations) promulgated by the International Accounting Standards Board ("IASB"). The consolidated financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the GEM (the "GEM Listing Rules") of the Stock Exchange. They have been prepared under the historical cost convention, except for investment properties and financial assets at fair value through profit or loss, which have been measured at fair value.

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

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2021. A subsidiary is an entity, directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGE IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform — Phase 2
Amendment to IFRS 16	Covid-19-Related Rent Concessions
Amendment to IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021

The nature and the impact of the revised IFRSs are described below:

(a) Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate ("RFR"). The Phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of IFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy.

    The Group had interest-bearing bank borrowings denominated in Renminbi based on the Loan Prime Rate ("LPR") of the National International Funding Center plus 0.25% as at 31 December 2021. The Group expects LPR will continue to exist and there is no impact on the Group's LPR-based borrowings.

(b) Amendment to IFRS 16 issued in May 2020 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. Amendment to IFRS 16 issued in April 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted.

The Group has early adopted the amendment issued in May 2020 on 1 January 2021. However, the Group has not received Covid-19-related rent concessions and plans to apply the practical expedient when it becomes applicable within the allowed period of application.

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

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

Amendments to IFRS 3	Reference to the Conceptual Framework[1]
Amendments to IFRS 10 and IAS 28 (2011)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
IFRS 17	Insurance Contracts[2]
Amendments to IFRS 17	Insurance Contracts[2, 5]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[2, 4]
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies[2]
Amendments to IAS 8	Definition of Accounting Estimates[2]
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[2]
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use[1]
Amendments to IAS 37	Onerous Contracts — Cost of Fulfilling a Contract[1]
Annual Improvements to IFRSs 2018–2020	Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41[1]

[1] Effective for annual periods beginning on or after 1 January 2022
[2] Effective for annual periods beginning on or after 1 January 2023
[3] No mandatory effective date yet determined but available for adoption
[4] 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
[5] 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

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

Amendments to IFRS 3 are intended to replace a reference to the previous Framework for the Preparation and Presentation of Financial Statements with a reference to the Conceptual Framework for Financial Reporting issued in June 2018 without significantly changing its requirements. The amendments also add to IFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of IAS 37 or I(IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying IFRS 3 should refer to IAS 37 or I(IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group expects to adopt the amendments prospectively from 1 January 2022. Since the amendments apply prospectively to business combinations for which the acquisition date is on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

Amendments to IFRS 10 and IAS 28 (2011) address an inconsistency between the requirements in IFRS 10 and in IAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 (2011) was removed by the International Accounting Standards Board in January 2016 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

Amendments to IAS 1 Classification of Liabilities as Current or Non-current clarify the requirements for classifying liabilities as current or non-current. The amendments specify that if an entity's right to defer settlement of a liability is subject to the entity complying with specified conditions, the entity has a right to defer settlement of the liability at the end of the reporting period if it complies with those conditions at that date. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. The amendments also clarify the situations that are considered a settlement of a liability. The amendments are effective for annual periods beginning on or after 1 January 2023 and shall be applied retrospectively. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's consolidated financial statements.

Amendments to IAS 1 Disclosure of Accounting Policies require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to IFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. Amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023 and earlier application is permitted. Since the guidance provided in the amendments to IFRS Practice Statement 2 is non-mandatory, an effective date for these amendments is not necessary. The Group is currently assessing the impact of the amendments on the Group's accounting policy disclosures.

Amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's consolidated financial statements.

Amendments to IAS 12 narrow the scope of the initial recognition exception so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset and a deferred tax liability for temporary differences arising from these transactions. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and shall be applied to transactions related to leases and decommissioning obligations at the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to the opening balance of retained profits or other component of equity as appropriate at that date. In addition, the amendments shall be applied prospectively to transactions other than leases and decommissioning obligations. Earlier application is permitted.

The Group has applied the initial recognition exception and did not recognise a deferred tax asset and a deferred tax liability for temporary differences for transactions related to leases. Upon initial application of these amendments, the Group will recognise a deferred tax asset and a deferred tax liability for deductible and taxable temporary differences associated with right-of-use assets and lease liabilities, and recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained profits at the beginning of the earliest comparative period presented.

Amendments to IAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss. The amendments are effective for annual periods beginning on or after 1 January 2022 and shall be applied retrospectively only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's consolidated financial statements.

Amendments to IAS 37 clarify that for the purpose of assessing whether a contract is onerous under IAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual periods beginning on or after 1 January 2022 and shall be applied to contracts for which an entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments. Earlier application is permitted. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening equity at the date of initial application without restating the comparative information. The amendments are not expected to have any significant impact on the Group's consolidated financial statements.

Annual Improvements to IFRSs 2018-2020 sets out amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41. Details of the amendments that are expected to be applicable to the Group are as follows:

- IFRS 9 Financial Instruments: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual periods beginning on or after 1 January 2022. Earlier application is permitted. The amendment is not expected to have a significant impact on the Group's consolidated financial statements.

- IFRS 16 Leases: removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying IFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying IFRS 16. Amendments to IAS 1 and IAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. The Group expects to adopt the amendments prospectively from 1 January 2020. The amendments are not expected to have any significant impact on the Group's consolidated financial statements.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has 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 — manufacture and 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 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/(loss) before tax except that interest income, gain on disposal of property, plant and equipment, gain on surrender of investment properties under land resumption, government grant finance cost (other than interest on lease liabilities), and fair value gains on financial assets at fair value through profit or loss 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 amounts due to immediate holding company, non-controlling interests and related companies, secured interest-bearing bank borrowings, tax payables and deferred tax liabilities as these liabilities are managed on a group basis.

Year ended 31 December 2021

	Fire-fighting equipment *RMB'000*	Aquarium products *RMB'000*	Marine fire-fighting equipment *RMB'000*	Inspection services *RMB'000*	Property investment *RMB'000*	Trading *RMB'000*	Total *RMB'000*
Segment revenue *(note 4)*:							
Sales/Services provided to external customers	17,939	30,790	8,075	9,329	–	–	66,133
Gross rental income	–	–	–	–	6,697	–	6,697
	17,939	30,790	8,075	9,329	6,697	–	72,830
Segments results	3,169	5,665	(898)	803	9,566	–	18,305
Interest income							146
Fair value gains on financial assets at fair value through profit or loss							989
Finance cost (other than interest on lease liabilities)							(408)
Gain on surrender of investment properties under land resumption							53,827
Government grant							530
Corporate and unallocated income							609
Corporate and unallocated expenses							(1,321)
Profit before tax							72,677
Segment assets	10,838	27,707	7,283	2,650	2,306	125	50,909
Unallocated assets							120,986
Total assets							171,895
Segment liabilities	4,614	1,909	3,339	622	211	–	10,695
Unallocated liabilities							21,179
Total liabilities							31,874
Capital expenditure*	527	1,299	–	–	989	–	2,815
(Reversal of)/Provision for impairment of trade receivables, net	(1,893)	–	1,310	–	–	–	(583)
Reversal of impairment of inventories, net	(669)	–	–	–	–	–	(669)
Write-off of property, plant and equipment	2,513	–	–	–	–	–	2,513
Write-off of other receivables	696	–	–	–	–	–	696
Depreciation and amortisation	417	351	–	355	191	–	1,314

* Capital expenditure consists of additions to property, plant and equipment and right-of-use assets.

Year ended 31 December 2020

	Fire-fighting equipment *RMB'000*	Aquarium products *RMB'000*	Marine fire-fighting equipment *RMB'000*	Inspection services *RMB'000*	Property investment *RMB'000*	Trading *RMB'000*	Total *RMB'000*
Segment revenue *(note 4)*:							
Sales/Services provided to external customers	19,028	25,944	9,752	12,652	–	400	67,776
Gross rental income	–	–	–	–	4,741	–	4,741
	19,028	25,944	9,752	12,652	4,741	400	72,517
Segments results	(10,106)	5,346	(179)	3,051	5,150	47	3,309
Interest income							46
Fair value gains on financial assets at fair value through profit or loss							490
Gain on disposal of property, plant and equipment							169
Government grant							585
Corporate and unallocated income							828
Corporate and unallocated expenses							(1,779)
Profit before tax							3,648
Segment assets	15,023	23,084	8,628	3,140	28,759	125	78,759
Unallocated assets							30,596
Total assets							109,355
Segment liabilities	8,972	1,810	2,657	1,463	1,711	–	16,613
Unallocated liabilities							19,362
Total liabilities							35,975
Capital expenditure*	155	–	–	–	288	–	443
Provision for impairment of trade receivables, net	1,929	–	680	–	–	130	2,739
Provision for impairment of inventories	1,423	–	–	–	–	–	1,423
Write-off of inventories	138	–	–	–	–	–	138
Depreciation and amortisation	735	372	–	315	34	–	1,456

* Capital expenditure consists of additions to property, plant and equipment and right-of-use assets.

Geographical information

(a) Revenue from external customers

	2021	2020
	RMB'000	*RMB'000*
The PRC	**57,107**	55,962
European countries	**13,606**	16,555
Other countries	**2,117**	–
	72,830	72,517

(b) Non-current assets

The Group operates principally in the PRC. Over 90% of the Group's assets are located in the PRC. Accordingly, no further geographical information of non-current assets was disclosed.

Information about major customers

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

	2021	2020
	RMB'000	*RMB'000*
Customer A*	**27,978**	10,908
Customer B**	**7,814**	10,842
Customer C*#	**N/A**	9,494
	35,792	31,244

* 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 for the year ended 31 December 2021.

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2021	2020
	RMB'000	*RMB'000*
Revenue from contracts with customers:		
Sales of pressure vessels	**17,939**	19,028
Sales of aquarium products	**30,790**	25,944
Sales of marine fire-fighting equipment	**8,075**	9,752
Inspection services fee	**9,329**	12,652
Trading of other products	**–**	400
	66,133	67,776
Revenue from other sources:		
Gross rental income	**6,697**	4,741
	72,830	72,517

Other income and gains

	2021	2020
	RMB'000	*RMB'000*
Interest income	**146**	46
Fair value gains on financial assets at fair value through profit or loss	**989**	490
Gain on disposal of property, plant and equipment	**–**	169
Gain on surrender of investment properties under land resumption *(note 10)*	**53,827**	–
Gain on change in fair value of investment properties *(note 10)*	**3,700**	730
Government grant	**530**	585
Sales of scraps	**34**	31
Reversal of provision for litigations	**2,000**	–
Write-back of accruals and amount due to a related company	**3,550**	–
Reversal of provision for impairment of inventories, net	**669**	–
Others	**954**	828
Total other income and gains	**66,399**	2,879

5. PROFIT BEFORE TAX

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

	Notes	2021 RMB'000	2020 RMB'000
Depreciation of right-of-use assets		**700**	747
Amortisation of intangible assets*		**180**	180
Depreciation of property, plant and equipment	*9*	**434**	529
Lease expenses on short-term leases		**–**	13
Auditor's remuneration:			
Assurance services		**891**	969
Other services		**208**	21
		1,099	990
(Reversal of)/Provision for impairment of inventories		**(669)**	1,423
Write off of property, plant and equipment	*9*	**2,513**	138
Write-off of other receivables		**696**	–
(Reversal of)/Provision for impairment of trade receivables	*11*	**(583)**	2,739
(Reversal of)/Provision for litigations		**(2,000)**	2,000
Employee benefits expenses (including directors' and supervisors' remuneration)#:			
Wages and salaries		**7,461**	10,483
Pension scheme contributions and other employee benefits		**805**	842
		8,266	11,325
Exchange losses, net		**61**	126
Gain on disposal of property, plant and equipment	*4*	**–**	(169)
Gain on surrender of investment properties under land resumption		**(53,827)**	–
Gain on changes in fair value of investment properties	*4, 10*	**(3,700)**	(730)
Interest income	*4*	**(146)**	(46)
Fair value gains on financial assets at fair value through profit or loss	*4*	**(989)**	(490)

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

\# During the years ended 31 December 2020 and 2021, the Group had no forfeited contributions under its retirement benefit scheme in the PRC which may be used to reduce the existing level of contributions as described in 18.34 of the GEM Listing Rules.

6. INCOME TAX EXPENSE

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

According to the Announcement of the State Administration of Taxation on Issues Relating to Implementation of Inclusive Income Tax Relief Policy for Small Low-profit Enterprises, a lower corporate income tax ("CIT") rate is 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 are effective taxable at 2.5% (i.e. 20% CIT rate on 12.5% of the 1st Assessable Profits) (2020: 5% (i.e. 20% CIT rate on 25% of the 1st Assessable Profits)); and (ii) the remaining assessable profits not over RMB3,000,000 (the "Remaining Assessable Profits") are taxable at 10% (i.e. 20% CIT rate 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% (2020: 25%) on the estimated assessable profits for the year ended 31 December 2021.

	2021	2020
	RMB'000	*RMB'000*
Current — the PRC:		
Charge for the year	**527**	768
Under-provision in prior year	**–**	26
	527	794
Deferred tax *(note 27(b))*	**5,509**	182
Total tax charge for the year	**6,036**	976

7. EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings/(loss) per share amounts is based on the profit for the year attributable to ordinary equity holders of the Company of RMB59,750,000 (2020: Loss of RMB1,403,000) and the number of ordinary shares of 187,430,000 (2020: 187,430,000) in issue during the year.

No adjustment has been made to the basic loss per share amounts for the years ended 31 December 2021 and 2020 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during these years.

8. DIVIDEND

The Directors do not recommend the payment of any dividend for the year ended 31 December 2021 (2020: Nil).

9. PROPERTY, PLANT AND EQUIPMENT

	Buildings *RMB'000*	Machinery *RMB'000*	Furniture, fixtures and computer equipment *RMB'000*	Motor vehicles *RMB'000*	Total *RMB'000*
31 December 2021					
At 1 January 2021:					
Cost	**10,231**	**4,260**	**2,206**	**2,081**	**18,778**
Accumulated depreciation	**(2,308)**	**(3,790)**	**(1,866)**	**(2,005)**	**(9,969)**
Net carrying amount	**7,923**	**470**	**340**	**76**	**8,809**
At 1 January 2021, net of accumulated depreciation	**7,923**	**470**	**340**	**76**	**8,809**
Additions	**14,116**	**108**	**246**	**173**	**14,643**
Write off	**(2,094)**	**(306)**	**(106)**	**(7)**	**(2,513)**
Disposals	**–**	**–**	**–**	**(12)**	**(12)**
Depreciation provided during the year *(note 5)*	**(229)**	**(62)**	**(114)**	**(29)**	**(434)**
At 31 December 2021, net of accumulated depreciation	**19,716**	**210**	**366**	**201**	**20,493**
At 31 December 2021:					
Cost	**21,680**	**1,324**	**1,293**	**1,920**	**26,217**
Accumulated depreciation	**(1,964)**	**(1,114)**	**(927)**	**(1,719)**	**(5,724)**
Net carrying amount	**19,716**	**210**	**366**	**201**	**20,493**

	Buildings *RMB'000*	Machinery *RMB'000*	Furniture, fixtures and computer equipment *RMB'000*	Motor vehicles *RMB'000*	Total *RMB'000*
31 December 2020					
At 1 January 2020:					
Cost	10,231	9,915	2,477	2,419	25,042
Accumulated depreciation	(2,055)	(8,997)	(2,103)	(2,284)	(15,439)
Net carrying amount	8,176	918	374	135	9,603
At 1 January 2020, net of accumulated depreciation	8,176	918	374	135	9,603
Additions	–	31	124	–	155
Write off	–	(85)	(44)	(9)	(138)
Disposals	–	(273)	–	(9)	(282)
Depreciation provided during the year *(note 5)*	(253)	(121)	(114)	(41)	(529)
At 31 December 2020, net of accumulated depreciation	7,923	470	340	76	8,809
At 31 December 2020:					
Cost	10,231	4,260	2,206	2,081	18,778
Accumulated depreciation	(2,308)	(3,790)	(1,866)	(2,005)	(9,969)
Net carrying amount	7,923	470	340	76	8,809

Note:

The buildings together with the leasehold land are situated in the PRC under medium term leases.

As at 31 December 2021, the Group has not obtained the property ownership certificate for the buildings with carrying amount of RMB14,116,000 (2020: Nil) from the relevant PRC government authorities. In the opinion of the Directors, the absence of formal title to the buildings does not impair its value to the Group, as the Group has paid in full purchase consideration and the probability of being evicted on the ground of an absence of formal title is remote. The buildings had been pledged to secure the interest-bearing bank borrowings (note 13).

10. INVESTMENT PROPERTIES

	2021	2020
	RMB'000	*RMB'000*
Carrying amount at 1 January	**24,300**	23,570
Changes in fair value *(note 4)*	**3,700**	730
Surrender under land resumption	**(28,000)**	–
Carrying amount at 31 December	**–**	24,300

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 fair value of the Zhonggu Factories was assessed by Asset Appraisal Limited, an independent professional valuer (the "Valuer"), at RMB28,000,000 as at 30 June 2021 (31 December 2020: RMB24,300,000). The gain on changes in fair value of investment properties of RMB3,700,000 (2020: RMB730,000) was recognised in the consolidated statement of profit or loss for the year.

The Directors and Group's finance department, including the finance manager, reviewed the valuation performed by the Valuer for financial reporting purpose. At each valuation date, 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.

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.

On 27 May 2021, the Company entered into an agreement with the ex-tenant of Zhonggu Factories, pursuant to which, the Company agreed to pay a compensation of RMB4.0 million to the ex-tenant in respect of the Land Resumption as defined below.

On 7 June 2021, the Company entered into certain agreements (the "Land Resumption Agreements") with 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辦公室) (collectively, the "Offices") in respect of the resumption of the Zhonggu Factories (the "Land Resumption"). Pursuant to the Land Resumption Agreements, the Company surrendered the Zhonggu Factories to the Offices for an aggregate compensation of approximately RMB87,003,000.

Following an extraordinary general meeting took place on 20 August 2021, the Land Resumption Agreements became effective and on 24 August 2021, the Company completed the vacation of the relevant premises and handed over the entire bare shell of the Zhonggu Factories to the Offices. As a result, the Land Resumption was completed.

Upon the completion of the Land Resumption in August 2021, a gain on surrender of the investment properties under the Land Resumption, before corporate income tax, of approximately RMB53,827,000 (the "Land Resumption Gain") was recognised in the consolidated statement of profit or loss. Apart from the Land Resumption Gain, there was a revaluation gain of approximately RMB11,299,000 recorded in the asset revaluation reserve in previous years (upon reclassification of the Zhonggu Factories from "leasehold properties" to "investment properties" due to a change in the use of the Zhonggu Factories at the time) which was directly transferred to retained profits during the year.

11. TRADE AND BILLS RECEIVABLES

	2021	2020
	RMB'000	*RMB'000*
Trade receivables	**7,696**	11,979
Less: Allowance for credit losses	**(2,133)**	(2,716)
	5,563	9,263
Bills receivables	**47**	907
	5,610	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. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

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

	2021	2020
	RMB'000	*RMB'000*
Within 1 month	**1,208**	4,585
1 to 2 months	**1,477**	1,967
2 to 3 months	**894**	801
3 to 6 months	**1,090**	1,692
6 to 12 months	**881**	399
Over 1 year	**60**	726
	5,610	10,170

The movements in the allowance for credit losses of trade receivables are as follows:

	2021	2020
	RMB'000	*RMB'000*
At 1 January	**2,716**	1,163
Provision for impairment *(note 5)*	**–**	2,739
Reversal of provision for impairment *(note 5)*	**(583)**	–
	(583)	2,739
	2,133	3,902
Amounts written off as uncollectible	**–**	(1,186)
At 31 December	**2,133**	2,716

12. TRADE PAYABLES

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

	2021	2020
	RMB'000	*RMB'000*
Within 1 month	**1,154**	2,585
1 to 2 months	**832**	496
2 to 3 months	**88**	261
Over 3 months	**2,110**	2,427
	4,184	5,769

13. INTEREST-BEARING BANK BORROWINGS, SECURED

	Effective interest rate	Maturity year	**2021** *RMB'000*	2020 *RMB'000*
Bank borrowings *(note (a))*	Loan prime rate + 0.25%	2030	**7,850**	8,747
Less: Bank borrowings classified as non-current portion			**(6,953)**	(7,850)
Bank borrowings classified as current portion			**897**	897
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			**3,365**	4,262
			7,850	8,747

Note (a):

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 six properties (the "Tian Yi Properties") from an independent third party (the "Developer"). 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 at loan prime rate of the National Interbank Funding Center (全國銀行間同業拆借中心) plus 0.25% per annum and are repayable by 120 monthly installments since September 2020.

14. DUE TO IMMEDIATE HOLDING COMPANY, NON-CONTROLLING INTERESTS AND RELATED COMPANIES

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

The shareholder of a related company is one of the directors of the Company while another related company is under common shareholder.

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

15. PAID UP CAPITAL

	2021	2020
	RMB'000	*RMB'000*
Registered, issued and fully paid:		
131,870,000 unlisted domestic shares ("Domestic Shares") of RMB0.10 each	**13,187**	13,187
55,560,000 overseas listed foreign shares ("H Shares") of RMB0.10 each	**5,556**	5,556
	18,743	18,743

16. COMMITMENTS

The Group did not have any significant capital commitment as at the end of the reporting period.

17. LITIGATIONS

The Group did not have any significant litigation as at the end of the reporting period.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

REVENUE

For the year ended 31 December 2021, the Group recorded a revenue of approximately RMB72,830,000 (year ended 31 December 2020: RMB72,517,000), representing an increase of approximately 0.4% over last year mainly because of (i) prevention and control of the Coronavirus Disease 2019 ("COVID-19") being taken place during which most of the business activities have been suspended; (ii) an increase in sale of aquarium products to distributors of overseas market due to increase in demand as a result of lock down situation over the world which offset the negative results mentioned in (i) above.

GROSS PROFIT

For the year ended 31 December 2021, the Group recorded overall gross profit of approximately RMB23,358,000 (year ended 31 December 2020: RMB20,458,000). The gross profit ratio increased by 2% from approximately 28% for the year ended 31 December 2020 to approximately 30% for the year ended 31 December 2021. This increase was because there was provision for inventories of approximately RMB1,423,000 incurred for the year ended 31 December 2020.

OTHER INCOME AND GAINS

Other income and gains increased from approximately RMB2,879,000 for the year ended 31 December 2020 to approximately RMB66,399,000 for the year ended 31 December 2021 mainly due to the recognition of a gain on surrender of investment properties under land resumption for the year ended 31 December 2021.

SELLING AND DISTRIBUTION EXPENSES

For the year ended 31 December 2021, the Group's selling and distribution expenses increased to approximately RMB2,511,000 from RMB1,753,000, representing an increase of 43% over the corresponding period of last year. This is mainly due to increase in sale of aquarium products.

ADMINISTRATIVE EXPENSES

For the year ended 31 December 2021, the Group's administrative expenses amounted to approximately RMB14,678,000, (year ended 31 December 2020: approximately RMB15,037,000), representing a decrease of approximately 2.4%. The administrative expenses remained stable during the years.

FINANCE COSTS

Finance costs for the year ended 31 December 2021 of RMB474,000 (year ended 31 December 2020: RMB160,000, representing an increase of approximately 196% over the corresponding period of last year. The finance costs mainly comprised of interest expenses of bank borrowings for partial finance the payment of consideration for acquisition of a production plant.

INCOME TAX

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong during the year (2020: Nil).

According to Announcement of the State Administration of Taxation on Issues Relating to Implementation of Inclusive Income Tax Relief Policy for Small Low-profit Enterprises, a lower corporate income tax ("CIT") rate is 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 2.5% (i.e. 20% CIT rate on 12.5% of the 1st Assessable Profits) (2020: 5% (i.e. 20% CIT rate on 25% of the 1st Assessable Profits)); and (ii) the remaining assessable profits not over RMB3,000,000 (the "Remaining Assessable Profits") is taxable at 10% (i.e. 20% CIT rate 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% (2020: 25%) on the Group's estimated assessable profits for the year ended 31 December 2021.

The effective tax rate of the Group is 8% for the year ended 31 December 2021 (year ended 31 December 2020: 27 %). It is mainly due to the utilisation of certain tax loss brought forward from prior periods to offset the assessable profits generated during the year.

NON-CONTROLLING INTERESTS

For the year ended 31 December 2021, profit for the year attributable to non-controlling interests is approximately RMB6,891,000 (year ended 31 December 2020: RMB4,075,000).

PROFIT ATTRIBUTABLE TO THE OWNERS OF THE COMPANY

For the year ended 31 December 2021, the Group recorded profit for the year attributable to the owners of the Company of approximately RMB59,750,000 (year ended 31 December 2020: loss of RMB1,403,000). The turnaround from loss to profit was primarily attributable to the gain on surrender of investment properties under land resumption for the year ended 31 December 2021.

NET CURRENT ASSETS

As at 31 December 2021, the Group had current assets of approximately RMB142,703,000, based on which, the current ratio was 11.4 (31 December 2020: 2.5). The increase was mainly caused by the increase in cash and cash equivalents as a result of compensation received from surrender of investment properties under land resumption during the year ended 31 December 2021. The current liabilities decreased from RMB21,757,000 as at 31 December 2020 to RMB12,562,000 as at 31 December 2021 mainly attributable to the decrease in other payables and accruals. Current assets as at 31 December 2021 mainly comprised inventories of approximately RMB12,518,000 (31 December 2020: RMB8,391,000), trade and bills receivables of approximately RMB5,610,000 (31 December 2020: RMB10,170,000), prepayments, deposits and other receivables of approximately RMB2,858,000 (31 December 2020: RMB4,745,000) and cash and cash equivalents of approximately RMB121,001,000 (31 December 2020: RMB30,596,000). The inventories turnover days for the year is 90 days (31 December 2020: 58 days). The increase is mainly because of increase in inventories level of aquarium products. Trade and bills receivables decreased by 45% mainly because of less and tighter credit terms were provided for sale of aquarium products. Current liabilities mainly comprised trade payables of approximately RMB4,184,000 (31 December 2020: RMB5,769,000), the decrease was due to the continuing decrease in production of fire-fighting equipment. Other payables and accruals decreased by 44% to approximately RMB5,877,000 (31 December 2020: RMB10,472,000). The decrease was mainly due to the write-back of provision for litigations.

GEARING RATIO

The Group's gearing ratio as at 31 December 2021 was 23% (31 December 2020: 49%), which was expressed as a percentage of the total liabilities divided by the total equity. The decrease was mainly attributable to increase in total equity as a result of the gain on surrender of investment properties under land resumption for the year ended 31 December 2021.

SIGNIFICANT INVESTMENTS AND MATERIAL ACQUISITIONS AND DISPOSALS

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 surrenderred the Zhonggu Factories to the Offices for an aggregate compensation of approximately RMB87.0 million. Following an extraordinary general meeting took place on 20 August 2021, the Land Resumption Agreements became effective and on 24 August 2021, the Company has completed vacating the relevant premises and handed over the entire bare shell of the Zhonggu Factories to the Offices. As a result, the Land Resumption was completed.

CHARGE ON ASSETS OF THE GROUP

As detailed in note 13 to this announcement, the secured interest-bearing bank borrowings are pledged by the Tian Yi Properties, with carrying amount of RMB14,116,000 as at 31 December 2021.

COMMITMENTS

There were no significant commitments at 31 December 2021.

LITIGATION

There were no significant litigation at 31 December 2021.

CONTINGENT LIABILITIES

There were no significant contingent liabilities at 31 December 2021.

CAPITAL STRUCTURE AND FINANCIAL RESOURCES

As at 31 December 2021, the Group had net assets of approximately RMB140,021,000 (31 December 2020: RMB73,380,000). The Group's operations are financed principally by internal sources, secured interest-bearing bank borrowings and shareholders' equity.

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

EMPLOYEES

As at 31 December 2021, the Group had 90 employees (2020: 133 employees). The decrease is mainly due to continuing decrease in production of fire-fighting equipment and inspection services. Remuneration is determined by reference to market terms and the performance, qualifications, and experience of individual employee. Other benefits include contributions to retirement scheme.

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

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

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.

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 would surrender the Zhonggu Factories to the Offices for an aggregate compensation of approximately RMB87.0 million.

Following the extraordinary general meeting took place on 20 August 2021, the Land Resumption Agreements became effective and on 24 August 2021, the Company has completed vacating the relevant premises and handed over the entire bare shell of the Zhonggu Factories to the Offices. As a result, the Land Resumption was completed.

Pursuant to the Land Resumption Agreements, the aggregate compensation amounted to RMB87.0 million (the "Compensation") which was payable in cash by the relevant Offices.

The Offices have paid and the Company has received all the Compensation in November 2021.

Since the outbreak of the Coronavirus Disease 2019 ("COVID-19"), the prevention and control of the COVID-19 has been going on throughout the PRC. The prolonged COVID-19 pandemic in 2021, had resulted in, among other things, ongoing travel restrictions, prolonged closures of workplaces, lockdowns in certain countries. At the same time, domestic macro policies promoted many industrial reforms and strategic adjustments. However, the Group has made adjustments to internal business structure along with a series of management system optimization measures during 2020 and the results were reflected in the financial results for the year ended 31 December 2021.

PROSPECT

The directors of the Company remain positive that the economy in the PRC is steadily recovering from global outbreak of COVID-19. With the new production plant has been utilised in 2021 by a subsidiary of the Company, 上海荻野生物科技有限公司 (literally translated "Shanghai Ogino Biotechnology Co., Limited", "Shanghai Ogino"), sale of aquarium products could be boosted further because of better production capacity and better corporate image to attract new customers. The Company will also prudently consider developing and acquiring relevant enterprises which possess sound profitability by way of capital increment in accordance with the relevant laws and regulations in order to accelerate the growth of our profitability so that the Company will become a major enterprise in the manufacturing, sale of fire-fighting equipment and fire fighting service provider in the PRC.

SHARE CAPITAL

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

PRE-EMPTIVE RIGHTS

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

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

EQUITY-LINKED AGREEMENT

No equity-linked agreement was entered by the Company during the year.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

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

AUDIT COMMITTEE

Pursuant to Rule 5.28 of the GEM Listing Rules, the Company has set up an audit committee. In compliance with Rule 5.29 of the GEM Listing Rules, the authority and responsibility of the audit committee have been properly written out. The audit committee for the year 2021 comprises of Yang Chun Bao, Wang Guo Zhong and Song Zi Zhang, who are independent non-executive Directors. Yang Chun Bao possess appropriate professional qualification and financial experience.

The audit committee has reviewed the Group's audited consolidated financial statement for the year ended 31 December 2021.

SCOPE OF WORK OF AUDITOR

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2021 have been agreed by the Group's auditor, Ascenda Cachet CPA Limited ("Ascenda Cachet"), to the amounts set out in the Group's consolidated financial statements for the year ended 31 December 2021. The work performed by Ascenda Cachet in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Ascenda Cachet on the preliminary announcement.

ANNUAL REPORT

Recently, Shanghai City in the People's Republic of China is under mandatory lockdown, along with our offices and factories in Shanghai, as part of the regime to suppress the rising COVID-19 cases (the "**Lockdown**"). The process of finalising the annual report for the year ended 31 December 2021 is affected due to the Lockdown. The annual report of the Group for the year ended 31 December 2021 will be despatched to its shareholders and published on the websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (www.shanghaiqingpu.com) on or before 19 April 2022.

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

Shanghai, 31 March 2022

As at the date of this announcement, 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 announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange of Hong Kong Limited (the "GEM") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the "Latest Company Announcements" page of the GEM website at http://www.hkgem.com for at least 7 days from the date of its posting and on the website of the Company at www.shanghaiqingpu.com.