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

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2022**

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 identification purposes only

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 2022. For the six months ended 30 June 2022, the unaudited revenue is approximately RMB29,815,000, representing a decrease of approximately RMB5,335,000 or approximately 15% as compared with that of the same period in 2021. Profit attributable to owners of the Company was approximately RMB235,000 for the six months ended 30 June 2022 representing a decrease of approximately RMB3,092,000 for the corresponding period in 2021.

The unaudited condensed consolidated financial statements of the Group for the three months and six months ended 30 June 2022 together with the unaudited comparative figures for the corresponding periods in 2021 are as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
		2022 RMB'000	2021 RMB'000	2022 RMB'000	2021 RMB'000
Revenue	4	15,032	18,198	29,815	35,150
Cost of sales		(11,572)	(12,086)	(22,174)	(23,883)
Gross profit		3,460	6,112	7,641	11,267
Other income and gains	4	1,231	4,064	1,520	4,176
Selling and distribution expenses		(939)	(606)	(1,791)	(1,003)
Administrative expenses		(2,525)	(4,404)	(4,615)	(6,809)
Finance costs		(107)	(103)	(220)	(232)
Profit before tax	5	1,120	5,063	2,535	7,399
Income tax expenses	6	(698)	(1,140)	(720)	(1,220)
Profit for the period		422	3,923	1,815	6,179
(Loss)/Profit attributable to:					
Owners of the Company		(275)	2,817	235	3,327
Non-controlling interests		697	1,106	1,580	2,852
		422	3,923	1,815	6,179
(Loss)/Earnings per share attributable to ordinary equity holders of the Company	8				
— Basic (RMB cent(s))		(0.15)	1.50	0.13	1.78
— Diluted (RMB cent(s))		(0.15)	1.50	0.13	1.78

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF
COMPREHENSIVE INCOME**

	Unaudited		Unaudited	
	Three months ended		Six months ended	
	30 June		30 June	
	2022	2021	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
PROFIT FOR THE PERIOD	422	3,923	1,815	6,179
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>422</u>	<u>3,923</u>	<u>1,815</u>	<u>6,179</u>
(Loss)/Profit attributable to:				
Owners of the Company	(275)	2,817	235	3,327
Non-controlling interests	<u>697</u>	<u>1,106</u>	<u>1,580</u>	<u>2,852</u>
	<u>422</u>	<u>3,923</u>	<u>1,815</u>	<u>6,179</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Unaudited as at 30 June 2022 <i>RMB'000</i>	Audited as at 31 December 2021 <i>RMB'000</i>
	<i>Notes</i>		
NON-CURRENT ASSETS			
Property, plant and equipment	9	21,234	20,493
Right-of-use assets		1,459	1,705
Goodwill	10	4,211	4,211
Intangible assets		585	675
Other receivables		2,027	2,108
		29,516	29,192
Total non-current assets			
CURRENT ASSETS			
Inventories		13,896	12,518
Trade and bills receivables	11	6,050	5,610
Prepayments, deposits and other receivables		2,686	2,858
Due from a related company		698	716
Cash and cash equivalents		121,070	121,001
		144,400	142,703
Total current assets			
CURRENT LIABILITIES			
Trade payables	12	5,115	4,184
Other payables and accruals		5,244	5,877
Interest-bearing bank borrowings, secured	13	897	897
Lease liabilities		609	533
Due to immediate holding company	14	906	906
Due to non-controlling interests		41	41
Tax payables		677	124
		13,489	12,562
Total current liabilities			
NET CURRENT ASSETS		130,911	130,141
TOTAL ASSETS LESS CURRENT LIABILITIES		160,427	159,333

		Unaudited	Audited
		as at	as at
		30 June	31 December
		2022	2021
	<i>Notes</i>	RMB'000	RMB'000
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings, secured	<i>13</i>	6,504	6,953
Lease liabilities		928	1,200
Deferred tax liabilities		11,159	11,159
		<hr/>	<hr/>
Total non-current liabilities		18,591	19,312
		<hr/>	<hr/>
Net assets		141,836	140,021
		<hr/> <hr/>	<hr/> <hr/>
EQUITY			
Equity attributable to owners of the Company			
Paid up capital		18,743	18,743
Reserves		111,109	110,874
		<hr/>	<hr/>
		129,852	129,617
		<hr/>	<hr/>
Non-controlling interests		11,984	10,404
		<hr/>	<hr/>
Total equity		141,836	140,021
		<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*	Statutory reserve fund*	Discretionary common reserve fund*	Asset revaluation reserve*	Accumulated losses*	Total	Non-controlling interests	Total equity
<i>Six months ended 30 June 2022</i>										
Balance at 1 January 2022	18,743	10,910	43,655	9,409	1,500	-	45,400	129,617	10,404	140,021
Profit for the period and total comprehensive income for the period	-	-	-	-	-	-	235	235	1,580	1,815
Balance at 30 June 2022	<u>18,743</u>	<u>10,910</u>	<u>43,655</u>	<u>9,409</u>	<u>1,500</u>	<u>-</u>	<u>45,635</u>	<u>129,852</u>	<u>11,984</u>	<u>141,836</u>
<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>

* These reserve accounts comprise the consolidated reserves of approximately RMB111,109,000 (30 June 2020: RMB54,451,000) in the unaudited condensed consolidated statement of financial position.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Six months ended 30 June	
	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Net cash flows from operating activities	851	3,952
Net cash flows from/(used in) investing activities	82	(719)
Net cash flows used in financing activities	<u>(864)</u>	<u>(621)</u>
Net increase in cash and cash equivalents	69	2,612
Cash and cash equivalents at beginning of period	<u>121,001</u>	<u>30,596</u>
Cash and cash equivalents at end of period	<u><u>121,070</u></u>	<u><u>33,208</u></u>

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" together with its subsidiaries, the "Group"). 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 (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"), 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"), 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 financial assets at fair value through profit or loss, which is 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 2021.

During the current 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 3	Reference to the Conceptual Framework
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts — Cost of Fulfilling a Contract
Annual Improvements to IFRSs 2018–2020	Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41

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 10 and IAS 28 (2011)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²
IFRS 17	Insurance Contracts and related amendments ¹
Amendments to IAS 1	Classification of Liabilities as Current or Non-current ¹
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies ¹
Amendments to IAS 8	Definition of Accounting Estimates ¹
Amendments to IAS 12	Deferred tax related to Assets and Liabilities arising from a Single Transaction ¹

¹ Effective for annual periods beginning on or after 1 January 2023

² No mandatory effective date yet determined but available for adoption

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 before tax except that interest income, government grant, realised gains on financial assets at fair value through profit or loss and finance costs (other than interest on lease liabilities) 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, secured interest-bearing bank borrowings, tax payables and deferred tax liabilities as these liabilities are managed on a group basis.

Six months ended 30 June 2022 (Unaudited)

	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:							
Sales/Services provided to external customers	9,884	14,048	2,360	1,470	-	-	27,762
Gross rental income	-	-	-	-	2,053	-	2,053
	<u>9,884</u>	<u>14,048</u>	<u>2,360</u>	<u>1,470</u>	<u>2,053</u>	<u>-</u>	<u>29,815</u>
Segments results	(582)	2,042	(446)	(370)	1,556	-	2,200
Reconciliation:							
Interest income							270
Government grant							154
Realised gains on financial assets at fair value through profit or loss							914
Finance costs (other than interest on lease liabilities)							(185)
Corporate and unallocated income							182
Corporate and unallocated expenses							(1,000)
Profit before tax							<u>2,535</u>
Capital expenditure*	-	1,102	-	-	-	-	1,102
Depreciation and amortisation	<u>252</u>	<u>245</u>	<u>-</u>	<u>171</u>	<u>29</u>	<u>-</u>	<u>697</u>

As at 30 June 2022 (unaudited)

Segment assets	11,045	30,135	6,195	2,674	2,630	125	52,804
Unallocated assets							<u>121,112</u>
Total assets							<u>173,916</u>
Segment liabilities	4,729	3,900	2,436	729	562	-	12,356
Unallocated liabilities							<u>19,724</u>
Total liabilities							<u>32,080</u>

Six months ended 30 June 2021 (Unaudited)

	Fire fighting equipment <i>RMB'000</i>	Aquarium products <i>RMB'000</i>	Marine fire-fighting equipment <i>RMB'000</i>	Inspection services <i>RMB'000</i>	Property investment <i>RMB'000</i>	Trading <i>RMB'000</i>	Total <i>RMB'000</i>
Segment revenue:							
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>
Segments results	(1,707)	3,613	(493)	795	5,785	–	7,993
Reconciliation:							
Interest income							75
Government grant							217
Realised gains on financial assets at fair value through profit or loss							151
Finance costs (other than interest on lease liabilities)							(209)
Corporate and unallocated income							202
Corporate and unallocated expenses							(1,030)
Profit before tax							<u>7,399</u>
Capital expenditure*	–	1,101	–	173	–	–	1,274
Depreciation and amortisation	<u>302</u>	<u>251</u>	<u>–</u>	<u>162</u>	<u>29</u>	<u>–</u>	<u>744</u>

As at 31 December 2021 (Audited)

Segment assets	10,838	27,707	7,283	2,650	2,306	125	50,909
Unallocated assets							<u>120,986</u>
Total assets							<u>171,895</u>
Segment liabilities	4,614	1,909	3,339	622	211	–	10,695
Unallocated liabilities							<u>21,179</u>
Total liabilities							<u>31,874</u>

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

Information about major customers

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

	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	2022 RMB'000	2021 RMB'000	2022 RMB'000	2021 RMB'000
Customer A*	5,686	3,564	11,748	7,986
Customer B**	4,253	2,216	5,938	3,828
	<u>9,939</u>	<u>5,780</u>	<u>17,686</u>	<u>11,814</u>

* Revenue from aquarium products segment.

** Revenue from fire-fighting equipment segment.

Geographical information

(a) Revenue from external customers

	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	2022 RMB'000	2021 RMB'000	2022 RMB'000	2021 RMB'000
PRC	9,505	15,591	20,654	27,963
European Union	5,527	2,607	9,161	7,187
	<u>15,032</u>	<u>18,198</u>	<u>29,815</u>	<u>35,150</u>

(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.

4. REVENUE, OTHER INCOME AND GAINS

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

	Unaudited		Unaudited	
	Three months ended		Six months ended	
	30 June		30 June	
	2022	2021	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue from contracts with customers:				
Sales of pressure vessels	5,897	3,575	9,884	8,155
Sales of aquarium products	6,937	8,362	14,048	15,436
Sales of marine fire-fighting equipment	1,408	1,766	2,360	3,846
Inspection service fees	411	2,798	1,470	4,365
	<u>14,653</u>	<u>16,501</u>	<u>27,762</u>	<u>31,802</u>
Revenue from other sources:				
Gross rental income	379	1,697	2,053	3,348
	<u>15,032</u>	<u>18,198</u>	<u>29,815</u>	<u>35,150</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	
	2022	2021	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Type of goods or services				
Sales of goods	14,242	13,703	26,292	27,437
Inspection services	411	2,798	1,470	4,365
	<u>14,653</u>	<u>16,501</u>	<u>27,762</u>	<u>31,802</u>
Geographical markets				
PRC	9,126	13,894	18,601	24,615
European Union	5,527	2,607	9,161	7,187
	<u>14,653</u>	<u>16,501</u>	<u>27,762</u>	<u>31,802</u>
Timing of revenue recognition				
Goods transferred at a point in time	14,242	13,703	26,292	27,437
Services transferred over time	411	2,798	1,470	4,365
	<u>14,653</u>	<u>16,501</u>	<u>27,762</u>	<u>31,802</u>
Revenue from contracts with customers				
External customers	<u>14,653</u>	<u>16,501</u>	<u>27,762</u>	<u>31,802</u>
Other income and gains				
Interest income	262	73	270	75
Realised gains on financial assets at fair value through profit or loss	789	151	914	151
Fair value gain on investment properties	–	3,700	–	3,700
Government grant	61	101	154	217
Others	119	39	182	33
Total other income and gains	<u>1,231</u>	<u>4,064</u>	<u>1,520</u>	<u>4,176</u>

5. PROFIT BEFORE TAX

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

	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	2022 RMB'000	2021 RMB'000	2022 RMB'000	2021 RMB'000
Depreciation on right-of-use assets	157	184	246	365
Amortisation of intangible assets	45	45	90	90
Depreciation on property, plant and equipment	260	157	361	289
Impairment of other receivables	–	696	–	696
Interest on lease liabilities included in financial costs	17	9	35	23
Staff costs	2,038	2,482	3,854	4,964
Auditors' remuneration	86	–	155	–
Fair value gain on investment properties	–	(3,700)	–	(3,700)
Realised gains on financial assets at fair value through profit or loss	(789)	(151)	(914)	(151)

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 2022 (six months ended 30 June 2021: 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) (six months ended 30 June 2021: 2.5% (i.e. 20% CIT rate on 12.5% of the 1st Assessable Profits)); and (ii) the remaining assessable profits not over RMB3,000,000 (the "Remaining Assessable Profits") are taxable at 5% (i.e. 20% CIT rate on the 25% of the Remaining Assessable Profits) (six months ended 30 June 2021: 10% (i.e. 20% CIT rate on 50% of the Remaining Assessable Profits)). Certain of the Company's subsidiaries have been designated as small scale enterprises. The CIT for other companies in the Group is calculated at a rate of 25% (six months ended 30 June 2021: 25%) on the estimated assessable profits for the six months ended 30 June 2022.

	Unaudited Three months ended 30 June 2022		Unaudited Six months ended 30 June 2022	
	RMB'000	2021 RMB'000	RMB'000	2021 RMB'000
Current tax — PRC				
Provision for the period	698	215	720	295
Deferred tax	—	925	—	925
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total tax charge for the period	<u>698</u>	<u>1,140</u>	<u>720</u>	<u>1,220</u>

7. DIVIDEND

No dividend has been paid or declared by the Company during the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).

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

The calculation of the loss per share for the three months ended 30 June 2022 is based on the loss attributable to ordinary equity holders of the Company of approximately RMB275,000 (three months ended 30 June 2021: profit attributable to ordinary equity holders of the Company of approximately RMB2,817,000), and on the number of 187,430,000 (30 June 2021: 187,430,000) ordinary shares in issue during the period.

The calculation of the earnings per share for the six months ended 30 June 2022 is based on the profit attributable to ordinary equity holders of the Company of approximately RMB235,000 (six months ended 30 June 2021: approximately RMB3,327,000), and on the number of 187,430,000 (30 June 2021: 187,430,000) ordinary shares in issue during the period.

No adjustment has been made to the basic (loss)/earnings per share amounts for three months and six months ended 30 June 2022 and 2021 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during those periods.

9. PROPERTY, PLANT AND EQUIPMENT

Included in property, plant and equipment were buildings (the “Tian Yi Properties”) with carrying amount of RMB14,828,000 as at 30 June 2022. The Group has not obtained the property ownership certificate for the Tian Yi Properties 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 Tian Yi Properties have been pledged to secure the interest-bearing bank borrowings (note 13).

10. GOODWILL

	<i>RMB'000</i>
At 1 January 2021	
Cost	4,211
Accumulated impairment	—
	<hr/>
Net carrying amount at 31 December 2021	<u>4,211</u>
At 31 December 2021 (audited)	
Cost	4,211
Accumulated impairment	—
	<hr/>
Net carrying amount	<u>4,211</u>
At 30 June 2022 (unaudited)	
Cost	4,211
Accumulated impairment	—
	<hr/>
Net carrying amount	<u>4,211</u>

11. TRADE AND BILLS RECEIVABLES

	Unaudited	Audited
	30 June	31 December
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables	8,183	7,696
Less: Allowance for credit losses	(2,133)	(2,133)
	<hr/>	<hr/>
	6,050	5,563
Bills receivables	—	47
	<hr/>	<hr/>
	6,050	5,610
	<u>6,050</u>	<u>5,610</u>

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:

	Unaudited	Audited
	30 June	31 December
	2022	2021
	RMB'000	RMB'000
Within 1 month	2,730	1,208
1 to 2 months	116	1,477
2 to 3 months	123	894
3 to 6 months	1,579	1,090
6 to 12 months	226	881
1 to 2 years	1,276	60
	<u>6,050</u>	<u>5,610</u>

12. TRADE PAYABLES

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

	Unaudited	Audited
	30 June	31 December
	2022	2021
	RMB'000	RMB'000
Within 1 month	2,634	1,154
1 to 2 months	76	832
2 to 3 months	443	88
Over 3 months	1,962	2,110
	<u>5,115</u>	<u>4,184</u>

13. INTEREST-BEARING BANK BORROWINGS, SECURED

	Effective interest rate	Maturity	Unaudited 30 June 2022 RMB'000	Audited 31 December 2021 RMB'000
Bank borrowings (<i>note (a)</i>)	Loan prime rate +0.25%	2030	7,401	7,850
Less: Bank borrowings classified as non-current portion			<u>(6,504)</u>	<u>(6,953)</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>2,916</u>	<u>3,365</u>
			<u>7,401</u>	<u>7,850</u>

Note (a):

On 14 July 2020, the Group entered into certain sale and purchase agreements with the developer (the “Developer”), pursuant to which, the Group acquired six properties, 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. 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% and are repayable by 120 monthly installments since September 2020.

14. DUE TO IMMEDIATE HOLDING COMPANY

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

As at 30 June 2022 and 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. As at 30 June 2022 and 31 December 2021, the Facility has not been drawn down.

15. COMMITMENTS

The Group did not have any significant commitment as at 30 June 2022 (30 June 2021: Nil)

16. RELATED PARTY TRANSACTIONS

(a) The Group had no material transaction with related parties during the six months ended 30 June 2022 and 2021.

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

	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	2022	2021	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000
Fees:				
Independent non-executive directors	<u>23</u>	<u>23</u>	<u>45</u>	<u>45</u>
	<u>23</u>	<u>23</u>	<u>45</u>	<u>45</u>
Other emoluments:				
Salaries, allowances and benefits in kind	<u>63</u>	<u>63</u>	<u>126</u>	<u>126</u>
Pension scheme contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>63</u>	<u>63</u>	<u>126</u>	<u>126</u>
	<u>86</u>	<u>86</u>	<u>171</u>	<u>171</u>

17. CONTINGENT LIABILITIES

As at 30 June 2022, the Group did not have material contingent liabilities.

BUSINESS AND FINANCIAL REVIEW

Revenue

For the six months ended 30 June 2022, the Group recorded revenue of approximately RMB29,815,000 (six months ended 30 June 2021: approximately RMB35,150,000), representing a decrease of approximately 15% over the corresponding period of last year. The decrease in revenue is mainly due to (i) Shanghai City in the People's Republic of China is under mandatory lockdown (the "Lockdown"), along with our offices and factories in Shanghai, as part of the regime to suppress the rising COVID-19 cases from end of April 2022 to June 2022; and (ii) decrease in rental income due to rent relief provided to tenants according to Shanghai Municipal Action Plan for Accelerating Economic Recovery and Rejuvenation ("上海市加快經濟恢復和重振行動方案").

Cost of sales and gross profit

For the six months ended 30 June 2022, the Group's cost of sales amounted to approximately RMB22,174,000 (six months ended 30 June 2021: approximately RMB23,883,000), representing a decrease of approximately 7% 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 consist of steel and aluminum, and labour cost.

For the six months ended 30 June 2022, the Group's gross profit amounted to approximately RMB7,641,000 (six months ended 30 June 2021: approximately RMB11,267,000), representing a drop in gross profit ratio from 32% to 26% for the corresponding period of last year. The decrease in gross profit ratio is mainly due to (i) decrease in rental income which involve minimal cost of sales; and (ii) increase in extra cost to hire temporary production labor due to the Lockdown.

Other revenue and income

For the six months ended 30 June 2022, the Group's other income and gains amounted to approximately RMB1,520,000 (six months ended 30 June 2021: approximately RMB4,176,000), representing a decrease of approximately 64% over the corresponding period of last year. The decrease in other revenue and income is mainly due to the fair value gain on the investment properties realised from land resumption for the period ended 30 June 2021.

Selling and distribution expenses

For the six months ended 30 June 2022, the Group's selling and distribution expenses amounted to approximately RMB1,791,000 (six months ended 30 June 2021: approximately RMB1,003,000), representing an increase of approximately 79% over the corresponding period of last year. The increase in selling and distributing expenses is mainly due to the increase in transportation cost per transaction and costs for expansion of sales department of the aquarium products during the six months ended 30 June 2022.

Administrative expenses

For the six months ended 30 June 2022, the Group's administrative expenses amounted to approximately RMB4,615,000 (six months ended 30 June 2021: approximately RMB6,809,000), representing a decrease of approximately 32% over the corresponding period of last year. The decrease in administrative expenses is mainly due to the decrease in staff costs and impairment of other receivables.

Finance costs

For the six months ended 30 June 2022, the Group's finance costs amounted to approximately RMB220,000 (six months ended 30 June 2021: approximately RMB232,000). The finance costs mainly comprise of interest expenses on bank borrowings to partial finance the payment of consideration for a production plant.

Non-controlling interests

For the six months ended 30 June 2022, the Group's profit for the period attributable to non-controlling interests amounted to approximately RMB1,580,000 (six months ended 30 June 2021: approximately RMB2,852,000). The decrease was mainly attributable to the decrease in profits of certain non-wholly-owned subsidiaries for the six months ended 30 June 2022 as compared with the corresponding period of last year.

Profit for the period

For the six months ended 30 June 2022, the Group's profit for the period amounted to approximately RMB1,815,000 (six months ended 30 June 2021: approximately RMB6,179,000), representing a decrease of 71% over the corresponding period of last year. The decrease in profit for the period was primarily attributable to no fair value gain on investment properties was recognised for the six months ended 30 June 2022 (six months ended 30 June 2021: RMB3,700,000).

Income tax

The effective tax charge rate of the Group is 28.4% for the six months ended 30 June 2022 (six months ended 30 June 2021: 16.5%) due to there were non-deductible items which increased the assessable profits.

Net current assets

As at 30 June 2022, the Group had current assets of approximately RMB144,400,000, based on which, the current ratio was 10.7 (31 December 2021: 11.4). The current liabilities increased from RMB12,562,000 as at 31 December 2021 to RMB13,489,000 as at 30 June 2022 mainly attributable to the increase in trade payables. Current assets as at 30 June 2022 mainly comprised inventories of approximately RMB13,896,000 (31 December 2021: RMB12,518,000), trade and bills receivables of approximately RMB6,050,000 (31 December 2021: RMB5,610,000), prepayments, deposits and other receivables of approximately RMB2,686,000 (31 December 2021: RMB2,858,000) and cash and bank deposits of approximately RMB121,070,000 (31 December 2021: RMB121,001,000). The inventories turnover days for the period is 229 days (31 December 2021: 92 days). The turnover days was increased because of the increase in inventories due to the Lockdown. Trade and bills receivables was slightly increased to RMB6,050,000 (31 December 2021: RMB5,610,000). Current liabilities mainly comprised trade payables of approximately RMB5,115,000 (31 December 2021: RMB4,184,000) and other payables and accruals of approximately RMB5,244,000 (31 December 2021: RMB5,877,000).

Borrowings

The outstanding bank borrowings of the Group were approximately RMB7,401,000 as at 30 June 2022 (31 December 2021: RMB7,850,000). 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. 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.

Gearing ratio

The Group’s gearing ratio as at 30 June 2022 was 23% (31 December 2021: 23%), which was expressed as a percentage of the total liabilities divided by the total equity.

Capital structure and financial resources

As at 30 June 2022, the total number of issued shares of the Company was 187,430,000.

There was no change in the capital structure of the Company during the six months ended 30 June 2022.

As at 30 June 2022, the Group had net assets of approximately RMB141,836,000 (31 December 2021: RMB140,021,000). The Group's operations are financed principally by internal resources, interest bearing bank borrowings and shareholders' equity.

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

Significant investments and material acquisitions and disposals

During the six months ended 30 June 2022, the Group did not have any material acquisitions and disposals of assets.

Charges on assets of the Group

Certain of the buildings of the Group with carrying amount of approximately RMB14,828,000 have been pledged to a bank to secure the interest-bearing bank borrowings granted to the Group.

Save as disclosed above, the Group did not pledge any of its assets as at 30 June 2022.

BUSINESS REVIEW

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

Since the outbreak of the COVID-19, the prevention and control of the COVID-19 has been going on throughout the People’s Republic of China (the “PRC”). Facing the pandemic situation, the Group, while cooperating with the government to fight the pandemic situation, actively took measures to avoid the economic loss of the Group. The recent launch of various COVID-19 vaccines have provided protection and have a positive effect to the economy. During the six months ended 30 June 2022, Shanghai city in the PRC was Lockdown for over two months. Business activities of the Group in Shanghai City are suspended since the Lockdown and resume in early June 2022. Adverse effects was reflected in the Company’s interim result as at 30 June 2022.

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.

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

As at 30 June 2022, 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 2022, 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 2022, 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 (Note 3)	Beneficial owner	131,870,000 (Note 1)	70.36%
	Held by controlled corporation	1,300,000 (Note 2)	0.69%
Zhejiang Hengtai Real Estate Joint Stock Co., Ltd.	Held by controlled corporation	131,870,000 (Note 1)	70.36%
	Held by controlled corporation	1,300,000 (Note 2)	0.69%
Mr. Zhou Jin Hui	Held by controlled corporation	131,870,000 (Note 1)	70.36%
	Held by controlled corporation	1,300,000 (Note 2)	0.69%

Notes:

1. All represent domestic shares of the Company.
2. 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.

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

Save as disclosed above, the Company has not been notified of any other person with relevant interests representing 5% or more in the issued shares capital of the Company as at 30 June 2022.

DIRECTORS’ AND SUPERVISORS’ INTERESTS IN CONTRACTS

To the best knowledge of the Board, except for those disclosed in note 16, 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 2022 had a material interest, whether directly or indirectly, subsisted at 30 June 2022 or at any time during the six months ended 30 June 2022.

EMPLOYEES

As at 30 June 2022, the Group had 90 employees (30 June 2021: 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 2022, 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 2022 (six months ended 30 June 2021: 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 2022.

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

Shanghai, 10 August 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 responsibilities, includes particulars given in compliance with 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.

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