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 2020

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.

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 2020. For the six months ended 30 June 2020, the unaudited revenue is approximately RMB28,914,000, representing a decrease of approximately RMB8,476,000 or approximately 23% as compared with that of the same period in 2019. Profit attributable to owners of the Company was approximately RMB1,106,000 for the six months ended 30 June 2020 while the loss attributable to owners of the Company was approximately RMB1,055,000 for the corresponding period in 2019.

The unaudited condensed consolidated financial statements of the Group for the three months and six months ended 30 June 2020 together with the unaudited comparative figures for the corresponding periods in 2019 are as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

		Unaudited Three months ended 30 June		**Unaudited Six months ended 30 June**	
		2020	2019	**2020**	2019
	Notes	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Revenue	*4*	**19,385**	18,799	**28,914**	37,390
Cost of sales		**(13,709)**	(14,228)	**(19,989)**	(29,702)
Gross profit		**5,676**	4,571	**8,925**	7,688
Other income and gains	*4*	**971**	160	**1,281**	499
Selling and distribution expenses		**(329)**	(672)	**(690)**	(1,387)
Administrative expenses		**(3,560)**	(2,979)	**(5,807)**	(6,739)
Finance cost		**(10)**	(43)	**(30)**	(77)
Profit/(loss) before tax	*5*	**2,748**	1,037	**3,679**	(16)
Income tax	*6*	**(177)**	(181)	**(219)**	(227)
Profit/(loss) for the period and total comprehensive profit/(loss) for the period		**2,571**	856	**3,460**	(243)
Attributable to:					
Owners of the Company		**1,224**	175	**1,106**	(1,055)
Non-controlling interests		**1,347**	681	**2,354**	812
		2,571	856	**3,460**	(243)
Earnings/(loss) per share attributable to ordinary equity holders of the Company	*8*				
— Basic *(RMB cent(s))*		**0.65**	0.09	**0.59**	(0.56)
— Diluted *(RMB cent(s))*		**0.65**	0.09	**0.59**	(0.56)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**Unaudited as at 30 June 2020** *RMB'000*	Audited as at 31 December 2019 *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**9,319**	9,603
Right-of-use assets		**1,519**	1,875
Investment properties		**23,570**	23,570
Goodwill	*9*	**4,211**	4,211
Intangible assets		**945**	1,035
Total non-current assets		**39,564**	40,294
CURRENT ASSETS			
Inventories		**10,780**	7,954
Trade and bills receivables	*10*	**15,106**	15,769
Prepayments, other receivables and other assets		**8,417**	4,312
Contract assets		**74**	74
Due from related companies		**776**	776
Cash and cash equivalents		**26,381**	26,505
Total current assets		**61,534**	55,390
CURRENT LIABILITIES			
Trade payables	*11*	**6,586**	6,892
Other payables and accruals		**6,762**	4,485
Contract liabilities		**1,166**	1,165
Lease liabilities		**1,210**	1,172
Due to the immediate holding company	*12*	**906**	906
Due to non-controlling interests		**1,451**	1,451
Due to a related company		**2,377**	2,377
Tax payables		**153**	88
Total current liabilities		**20,611**	18,536
NET CURRENT ASSETS		**40,923**	36,854
TOTAL ASSETS LESS CURRENT LIABILITIES		**80,487**	77,148

	Unaudited as at 30 June 2020 *RMB'000*	Audited as at 31 December 2019 *RMB'000*
TOTAL ASSETS LESS CURRENT LIABILITIES	**80,487**	77,148
NON-CURRENT LIABILITIES		
Lease liabilities	**493**	614
Deferred tax liabilities	**5,468**	5,468
Total non-current liabilities	**5,961**	6,082
Net assets	**74,526**	71,066
EQUITY		
Equity attributable to owners of the Company		
Paid up capital	**18,743**	18,743
Reserves	**53,633**	52,527
	72,376	71,270
Non-controlling interests	**2,150**	(204)
Total equity	**74,526**	71,066

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company									
	Issued capital *RMB'000*	**Share premium*** *RMB'000*	**Capital reserve*** *RMB'000*	**Statutory reserve fund*** *RMB'000*	**Discretionary common reserve fund*** *RMB'000*	**Asset revaluation reserve*** *RMB'000*	**Accumulated losses*** *RMB'000*	**Total** *RMB'000*	**Non-controlling interests** *RMB'000*	**Total equity** *RMB'000*
Six months ended 30 June 2020										
Balance at 1 January 2020	**18,743**	**10,910**	**43,655**	**7,061**	**1,500**	**11,299**	**(21,898)**	**71,270**	**(204)**	**71,066**
Profit for the period and total comprehensive income for the period	**–**	**–**	**–**	**–**	**–**	**–**	**1,106**	**1,106**	**2,354**	**3,460**
Balance at 30 June 2020	**18,743**	**10,910**	**43,655**	**7,061**	**1,500**	**11,299**	**(20,792)**	**72,376**	**2,150**	**74,526**
Six months ended 30 June 2019										
Balance at 1 January 2019	18,743	10,910	43,655	6,936	1,500	11,299	(11,274)	81,769	1,092	82,861
Profit/(loss) for the period and total comprehensive income/(loss) for the period	–	–	–	–	–	–	(1,055)	(1,055)	812	(243)
Balance at 30 June 2019	18,743	10,910	43,655	6,936	1,500	11,299	(12,329)	80,714	1,904	82,618

* These reserve accounts comprise the consolidated reserves of approximately RMB53,633,000 (30 June 2019: RMB61,971,000) in the condensed consolidated statement of financial position.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Six months ended 30 June **2020** ***RMB'000***	 2019 *RMB'000*
Net cash flows used in operating activities	**(34)**	(3,350)
Net cash flows used in investing activities	**(7)**	–
Net cash flows used in financing activities	**(83)**	(73)
Net decrease in cash and cash equivalents	**(124)**	(3,423)
Cash and cash equivalents at beginning of period	**26,505**	29,668
Cash and cash equivalents at end of period	**26,381**	26,245

Notes:

1. GENERAL

Shanghai Qingpu Fire-Fighting Equipment Co., Ltd. (the "Company") was established in the People's Republic of China (the "PRC") 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 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.

On 30 June 2004, 55,560,000 new H shares in the Company were issued and 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 Company's immediate holding company is 聯城消防集團股份有限公司 (literally translated as "Liancheng Fire-Fighting Group Joint Stock Co., Ltd", "Liancheng"), which is a limited liability company established in the PRC, and the ultimate holding company is 浙江恒泰房地產有限公司 (literally translated as "Zhejiang Hengtai Real Estate Company Limited", "Zhejiang Hengtai"), which is a limited liability company established in the PRC.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

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 2019.

(A) Revised IFRSs

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

Amendments to IFRS 3	Definition of a Business
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest rate Benchmark Reform
Amendments to IAS 1 and IAS 8	Definition of Material

Except for the amendments to IFRS 9, IAS 39 and IFRS 7, which are not relevant to the preparation of the Group's unaudited condensed consolidated financial statements, the amendments did not have any significant impact on the Group's unaudited condensed consolidated financial statements.

(B) Issued but not yet effective International Financial Reporting Standards

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

Amendments to IFRS 3	Reference to the Conceptual Framework[2]
Amendments to IFRS 10 and IAS 28 (2011)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to IFRS 16	Covid-19-Related Rent Concessions[1]
IFRS 17	Insurance Contracts[3]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[3]
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use[2]
Amendments to IAS 37	Onerous Contracts — Cost of Fulfilling a Contract[2]
Annual Improvements to IFRSs 2018–2020	Amendments to IFRS 1, IFRS 9, IAS 41 and Illustrative Examples accompanying IFRS 16[2]

1 Effective for annual periods beginning on or after 1 June 2020
2 Effective for annual periods beginning on or after 1 January 2022
3 Effective for annual periods beginning on or after 1 January 2023
4 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) Inspection services segment — provision of fire technology inspection services and marine fire-fighting equipment inspection services;

(iii) Aquarium products segment — sale of aquarium products;

(iv) Marine fire-fighting segment — marine fire-fighting equipment installation and inspection;

(v) Property investment segment — investment in office building and industrial properties for its rental income potential; and

(vi) Trading segment — trading of other products (including sanitary-ware) and commission income.

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, non-lease finance costs and income from investment products as well as head office and corporate expenses are excluded from such measurement.

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

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

Six months ended 30 June 2020
(Unaudited)

	Fire fighting equipment *RMB'000*	Inspection services *RMB'000*	Aquarium products *RMB'000*	Marine fire-fighting *RMB'000*	Property investment *RMB'000*	Trading *RMB'000*	Total *RMB'000*
Segment revenue:							
Sales/services provided to external customers	7,946	3,790	9,069	4,965	–	310	26,080
Gross rental income	–	–	–	–	2,834	–	2,834
	7,946	3,790	9,069	4,965	2,834	310	28,914
Segments results	(1,181)	53	1,788	125	2,834	–	3,619
Reconciliation:							
Interest income							255
Corporate and unallocated expenses							(195)
Profit before tax							3,679
Segment assets	49,175	9,744	5,051	10,086	26,876	166	101,098
Unallocated assets							–
Total assets							101,098
Segment liabilities	8,884	1,460	2,879	2,994	–	–	16,217
Unallocated liabilities							10,355
Total liabilities							26,572
Capital expenditure*	–	–	–	–	–	–	–
Depreciation and amortisation	334	90	108	–	–	–	532

Six months ended 30 June 2019
(Unaudited)

	Fire fighting equipment *RMB'000*	Inspection services *RMB'000*	Aquarium products *RMB'000*	Marine fire-fighting *RMB'000*	Property investment *RMB'000*	Trading *RMB'000*	Total *RMB'000*
Segment revenue:							
Sales/services provided to external customers	22,192	4,231	7,730	3,237	–	–	37,390
Gross rental income	–	–	–	–	–	–	–
	22,192	4,231	7,730	3,237	–	–	37,390
Segments results	(2,158)	479	1,829	(99)	–	–	51
Reconciliation:							
Interest income							18
Income from investment products							–
Finance costs							(77)
Corporate and unallocated expenses							(8)
Loss before tax							(16)
Segment assets	52,645	8,734	10,678	8,717	23,510	3,261	107,545
Unallocated assets							–
Total assets							107,545
Segment liabilities	10,017	1,003	1,077	2,222	–	–	14,319
Unallocated liabilities							10,608
Total liabilities							24,927
Capital expenditure*	–	–	–	–	–	–	–
Depreciation and amortisation	659	71	178	–	–	–	908

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

Information about a major customer

For the six months ended 30 June 2020 and 2019, there was no revenue from sales to any single external customer that contributed over 10% of the Group's total revenue.

4. REVENUE, OTHER INCOME AND GAINS

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

	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	2020	2019	**2020**	2019
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Revenue from contracts with customers:				
Sale of pressure vessels	**5,709**	10,956	**7,946**	22,192
Inspection service fees	**2,692**	2,055	**3,790**	4,100
Trading of other products	**310**	–	**310**	–
Sale of aquarium products	**5,507**	4,938	**9,069**	7,730
Sale of marine fire-fighting equipment	**3,508**	850	**4,718**	3,237
Marine fire-fighting equipment inspection fees	**242**	–	**247**	131
	17,968	18,799	**26,080**	37,390
Revenue from other sources:				
Gross rental income	**1,417**	–	**2,834**	–
	19,385	18,799	**28,914**	37,390

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

	For the three months ended 30 June		For the six months ended 30 June	
	2020	2019	**2020**	2019
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Type of goods or services				
Sales of goods	**14,724**	16,744	**21,733**	33,159
Inspection services	**2,934**	2,055	**4,037**	4,231
Commission income from trading of goods	**310**	–	**310**	–
	17,968	18,799	**26,080**	37,390
Geographical markets				
PRC	**10,579**	14,287	**18,691**	29,301
European Union	**7,389**	4,512	**7,389**	8,089
	17,968	18,799	**26,080**	37,390
Timing of revenue recognition				
Goods transferred at a point in time	**15,034**	16,744	**22,043**	33,159
Services transferred over time	**2,934**	2,055	**4,037**	4,231
	17,968	18,799	**26,080**	37,390
Revenue from contracts with customers				
External customers	**17,968**	18,799	**26,080**	37,390
Other income and gains				
Interest income	**247**	8	**255**	18
Sales of scraps	**724**	87	**735**	255
Government Grant	**–**	65	**291**	226
Total other income and gains	**971**	160	**1,281**	499

5. PROFIT/(LOSS) BEFORE TAX

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

	Unaudited Three months ended 30 June		**Unaudited Six months ended 30 June**	
	2020	2019	**2020**	2019
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Amortisation of intangible assets	**45**	45	**90**	90
Depreciation on property, plant and equipment	**43**	280	**86**	560
Depreciation on right-of-use assets	**178**	129	**356**	258
Interest on lease liabilities included in financial costs	**15**	20	**30**	43
Staff costs	**2,532**	4,054	**4,990**	8,100
Auditors' remuneration	**–**	–	**–**	–

6. 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 six months ended 30 June 2020 (six months ended 30 June 2019: Nil).

Under the Corporate Income Tax Law, the corporate income tax ("CIT") rate applicable to small-scale enterprises with low profitability that meet certain conditions shall be reduced to 20%. Six of the Company's subsidiaries (six months ended 30 June 2019: six of the Company's subsidiaries) have been designated as a small-scale enterprise. The concessionary CIT rate was revised with effective from 1 January 2019, the first RMB1,000,000 of assessable profits of these subsidiaries were subject to the concessionary CIT rate of 5% of assessable profits (i.e. 20% on the 25% assessable profits) and the remaining assessable profits not over RMB3,000,000 were subject to the concessionary CIT rate of 10% of assessable profits (i.e. 20% on the 50% assessable profits).

Under the Corporate Income Tax Law, the corporate income tax ("CIT") rate is calculated at a rate of 25% (six months ended 30 June 2019: 25%) on the Group's estimated assessable profits for the six months ended 30 June 2020.

	Unaudited Three months ended 30 June		**Unaudited Six months ended 30 June**	
	2020	2019	**2020**	2019
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Current tax — PRC				
Provision for the period	**177**	181	**219**	227

As at 30 June 2020, the unrecognised deferred tax assets in respect of tax benefits from unrecognised tax losses of the Group is approximately RMB10,144,000 (31 December 2019: approximately RMB10,134,000). The Group did not have any material unprovided deferred tax as at 30 June 2020 and 31 December 2019 as the temporary differences are immaterial.

7. DIVIDEND

No dividend has been paid or declared by the Company during the six months ended 30 June 2020 (six months ended 30 June 2019: Nil).

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

The calculation of the earnings per share for the three months ended 30 June 2020 is based on the profit attributable to ordinary equity holders of the Company of approximately RMB1,224,000 (three months ended 30 June 2019: approximately RMB175,000), and on the number of 187,430,000 (30 June 2019: 187,430,000) ordinary shares in issue during the period.

The calculation of the earnings per share for the six months ended 30 June 2020 is based on the profit attributable to ordinary equity holders of the Company of approximately RMB1,106,000 (six months ended 30 June 2019: loss of approximately RMB1,055,000), and on the number of 187,430,000 (30 June 2019: 187,430,000) ordinary shares in issue during the period.

No adjustment has been made to the basic earnings/(loss) per share amounts for three months and six months ended 30 June 2020 and 2019 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during those periods.

9. GOODWILL

	RMB'000
At 1 January 2019	
Cost	4,211
Accumulated impairment	–
Net carrying amount at 31 December 2019	4,211
At 31 December 2019 (audited)	
Cost	4,211
Accumulated impairment	–
Net carrying amount	4,211
At 30 June 2020 (unaudited)	
Cost	4,211
Accumulated impairment	–
Net carrying amount	4,211

10. TRADE AND BILLS RECEIVABLES

	Unaudited 30 June 2020 *RMB'000*	Audited 31 December 2019 *RMB'000*
Trade receivables	**15,559**	16,528
Less: Allowance for credit losses	**(1,163)**	(1,163)
	14,396	15,365
Bills receivables	**710**	404
	15,106	15,769

The Group's trading terms with its customers are mainly on credit, expect for new customers, where payment in advance is normally required. The credit period is generally two months, extending up to half year for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables in order to minimise credit risk. Overdue balances are reviewed regularly by senior management. Trade receivables are non-interest-bearing.

An aged analysis of the trade receivables as at 30 June 2020, based on the invoice date, is as follows:

	Unaudited 30 June 2020 *RMB'000*	Audited 31 December 2019 *RMB'000*
Within 1 month	**2,777**	2,930
1 to 2 months	**3,259**	3,002
2 to 3 months	**1,355**	1,248
3 to 6 months	**5,701**	6,306
6 to 12 months	**1,574**	1,878
1 to 2 years	**440**	405
	15,106	15,769

11. TRADE PAYABLES

An aged analysis of the trade payables as at 30 June 2020, based on the invoice date, is as follows:

	Unaudited 30 June 2020 *RMB'000*	Audited 31 December 2019 *RMB'000*
Within 1 month	**2,823**	2,113
1 to 2 months	**2,606**	1,991
2 to 3 months	**536**	303
Over 3 months	**621**	2,485
	6,586	6,892

12. DUE TO THE IMMEDIATE HOLDING COMPANY

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

As at 30 June 2020 and 31 December 2019, 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 2021. As at 30 June 2020 and 31 December 2019, the Facility has not been drawn down.

13. COMMITMENTS

The Group did not have any significant capital and other commitments at the end of the reporting period.

14. RELATED PARTY TRANSACTIONS

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

	Unaudited Three months ended 30 June		**Unaudited Six months ended 30 June**	
	2020	2019	**2020**	2019
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Rental expenses				
中聯城消防科技集團有限公司 (literally translated as "Zhong Lian Cheng Fire-Fighting Technology Group Company Limited", "ZLCFT")	**–**	–	**–**	34
Inspection services income				
上海石化消防工程有限公司 (literally translated as "Shanghai Petro-Chemical Fire-Fighting Engineering Company Limited, "SPFE")	**7**	15	**21**	32

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

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

	Unaudited Three months ended 30 June		**Unaudited Six months ended 30 June**	
	2020	2019	**2020**	2019
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Fees:				
Executive directors	**45**	–	**90**	–
Independent non-executive directors	**23**	23	**45**	45
	68	23	**135**	45
Other emoluments:				
Salaries, allowances and benefits in kind	**60**	60	**120**	120
Pension scheme contributions	**–**	–	**–**	–
	60	60	**120**	120
	128	83	**255**	165

15. CONTINGENT LIABILITIES

At the end of the reporting period, the Group had no material contingent liabilities.

BUSINESS AND FINANCIAL REVIEW

Revenue

For the six months ended 30 June 2020, the Group recorded revenue of approximately RMB28,914,000 (six months ended 30 June 2019: RMB37,390,000), representing a decrease of approximately 23% over the corresponding period of last year. The decrease in revenue is mainly due to (i) prevention and control of the Coronavirus Disease 2019 ("COVID-19") being taken place during which most of the business activities have been suspended and (ii) the termination of operation of two factories led to the significant decrease in sales of pressure vessels.

Cost of sales and gross profit

For the six months ended 30 June 2020, the Group's cost of sales amounted to approximately RMB19,989,000 (six months ended 30 June 2019: RMB29,702,000), representing a decrease of approximately 33% over the corresponding period of last year. The main components of cost of sales for the Group are cost of trading products, raw materials which mainly including steel and aluminum, and labour cost.

For the six months ended 30 June 2020, the Group recorded overall gross profit of approximately RMB8,925,000 (six months ended 30 June 2019: approximately RMB7,688,000), representing a gross profit ratio of 31% comparing to 21% for the corresponding period of last year. An increase of 10 basic points in gross profit rates mainly because of the decrease in sales of low profit margins products and rental income gained from a vacated factory leased out for rent commencing from late 2019.

Other revenue and income

For the six months ended 30 June 2020, other revenue and income increased by approximately 157% to approximately RMB1,281,000 (six months ended 30 June 2019: RMB499,000), mainly due to the increase in sale of scrape.

Selling and distribution expenses

For the six months ended 30 June 2020, the Group incurred selling and distribution expenses of approximately RMB690,000, a decrease of approximately RMB697,000 over the corresponding period of last year. Selling and distributing expenses decreased mainly because of the significant decrease in revenue.

Administrative expenses

For the six months ended 30 June 2020, the Group's administrative expenses amounted to approximately RMB5,807,000 (six months ended 30 June 2019: RMB6,739,000), representing a decrease of approximately 14% over the corresponding period of last year. This is mainly because of (i) the termination of operation of two factories by the end of 2019; and (ii) operation suspended because of COVID-19.

Finance costs

For the six months ended 30 June 2020, the Group's finance costs were RMB30,000 (six months ended 30 June 2019: RMB77,000). This is mainly comprised of interest expenses of lease liabilities.

Non-controlling interests

For the six months ended 30 June 2020, profit for the year attributable to non-controlling interests is approximately RMB2,354,000 (six months ended 30 June 2019: RMB812,000). It is due to the profits in the aquarium products segment shared by the non-controlling interest.

Profit/(loss) for the period

For the six months ended 30 June 2020, the Group recorded profit for the period of approximately RMB3,460,000 (six months ended 30 June 2019: loss of RMB243,000). The turnaround from loss to profit was primarily attributable to an increase in profit derived from sale of aquarium products and a decrease in administrative expenses.

Income tax

The effective tax charge rate of the Group is 6% for the six months ended 30 June 2020 (six months ended 30 June 2019: credit) due to a net loss in certain subsidiaries offset net profits arising from other subsidiaries of the Group and the utilisation of certain tax loss brought forward from prior periods to offset the assessable profits generated during the period.

Net current assets

As at 30 June 2020, the Group had current assets of approximately RMB61,534,000, based on which, the current ratio was 3.0 (31 December 2019: 3.0). The current liabilities increased from RMB18,536,000 as at 31 December 2019 to RMB20,611,000 as at 30 June 2020 mainly attributable to the increase in other payables and accruals. Current assets as at 30 June 2020 mainly comprised inventories of approximately RMB10,780,000 (31 December 2019: RMB7,954,000), trade and bills receivables of approximately RMB15,106,000 (31 December 2019: RMB15,769,000), prepayments, other receivables and other assets of approximately RMB8,417,000 (31 December 2019: RMB4,312,000) and cash and bank deposits of approximately RMB26,381,000 (31 December 2019: RMB26,505,000). The inventories turnover days for the period is 197 days (31 December 2019: 47 days). The turnover days increased significantly because of the clearance sales in the fourth quarter of 2019 to vacate the factory to lease out for rent. Trade and bills receivables remains stable at approximately RMB15,106,000 (31 December 2019: RMB15,769,000). Current liabilities mainly comprised trade payables of approximately RMB6,586,000 (31 December 2019: RMB6,892,000) and other payables and accruals of approximately RMB6,762,000 (31 December 2019: RMB4,485,000). The increase in other payables and accruals is mainly due to the rental deposit received from the vacated factory leased out for rent commencing from late 2019.

Borrowings

The Group have no bank borrowings as at 30 June 2020 (31 December 2019: Nil).

Gearing ratio

The Group's gearing ratio as at 30 June 2020 was 36% (31 December 2019: 35%), which was expressed as a percentage of the total liabilities divided by the total equity.

Capital structure and financial resources

As at 30 June 2020, the Group had net assets of approximately RMB74,526,000 (31 December 2019: RMB71,066,000). The Group's operations are financed principally by internal resources, interest bearing bank borrowings, shareholders' borrowings and shareholders' equity.

As at 30 June 2020, the immediate holding company, Liancheng, has undertaken to provide to the Company with an unsecured interest-free shareholder's loan facility in the sum of not exceeding RMB50 million (the "Facility") for the period expiring on 30 May 2021 (31 December 2019: 30 May 2021). As at 30 June 2020 and 31 December 2019, the Facility has not been drawn down.

BUSINESS REVIEW

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

The Group's factory 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") and certain leased land and buildings used by Shanghai Yuanfeng Pressure Cylinder Co. Ltd. (上海元奉高壓容器有限公司) ("Yuanfeng") are included in the land redevelopment plan. These resumptions of land has no material impact on the daily operations of the Group but provided an opportunity for the Group to centralize the production and improve profitability. With centralizing the production in mind and considering the orders in the past years, the Company's subsidiary, Shanghai Pressure Special Gas Cylinder Co., Ltd.* ("Special Cylinder") (上海高壓特種氣瓶有限公司), has leased the entire factory for 15 years, at annual rent not less than RMB5,800,000 to an independent third party in November 2019. This not only reduces overhead costs but also provides stable income for the Group. The positive effects are reflected in the results for the six months ended 30 June 2020.

Since the outbreak of the Coronavirus Disease 2019 ("COVID-19"), the prevention and control of the COVID-19 has been going on throughout China. Facing the epidemic situation, the Group, while cooperating with the government to fight the epidemic situation, actively took measures to avoid the economic loss of the Group. The Group had promoted employees' home office and network office and maintained close contact with suppliers and customers, and tried to maintain the normal development of business activities. The Group had minimal business activities because of the epidemic. With the help of Special Cylinder leasing out the entire factory which reduces overhead costs and provides stable income, the impact was reduced but the Group will face more challenges to get the business on track again.

On 14 July 2020, a subsidiary of the Company, 上海荻野生物科技有限公司 (Shanghai Ogino Biotechnology Co., Limited*) ("Shanghai Ogino"), entered into an agreement (the "Transaction") to purchase 6 properties with a total building area of approximately 3,233 sq. m., located at 天億健康產業園 (Tian Yi Health Industrial Park*) (the "Properties"), in Ci Xi, Zhejiang Province of the PRC, for an aggregate consideration of approximately RMB13,000,000 (equivalent to approximately HK$14,400,000) (the "Purchase Consideration"). The Purchase Consideration will be paid by Shanghai Ogino's internal resources and by a bank loan in the PRC. With the new production plant, sale of aquarium products could be boosted further because of better production capacity and better corporate image to attract new customers.

PROSPECT

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

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

As at 30 June 2020, 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 *(Note 1)*	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 2020, 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 2020, 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%

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 2020.

DIRECTORS' AND SUPERVISORS' INTERESTS IN CONTRACTS

To the best knowledge of the Board, except for those disclosed in note 15, 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 2020 had a material interest, whether directly or indirectly, subsisted at 30 June 2020 or at any time during the six months ended 30 June 2020.

EMPLOYEES

As at 30 June 2020, the Group had 132 employees (30 June 2019: 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 2020, 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 2020 (six months ended 30 June 2019: 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 2020.

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

Shanghai, 10 August 2020

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 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.