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)

THIRD QUARTERLY REPORT 2021

* *For identification purpose only*

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED

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

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

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

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

Independent Non-Executive Directors

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

AUDIT COMMITTEE

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

AUTHORISED REPRESENTATIVE

Mr. Chan Chi Wai Benny
Mr. Shi Hui Xing

COMPANY SECRETARY

Mr. Chan Chi Wai Benny

AUDITORS

Ascenda Cachet CPA Limited

PRINCIPAL BANKERS

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

H SHARE SHARE REGISTRAR AND TRANSFER OFFICE

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

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

STOCK CODE

8115

QUARTERLY RESULTS (UNAUDITED)

The Board of Directors (the "Board") of Shanghai Qingpu Fire-Fighting Equipment Co., Ltd. (the "Company" and together with its subsidiaries, collectively the "Group") present the unaudited results of the Group for the nine months ended 30 September 2021 together with the unaudited comparative figures for the corresponding period in 2020, as follows:

		Unaudited Three months ended 30 September		**Unaudited Nine months ended 30 September**	
		2021	2020	**2021**	2020
	Notes	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Revenue	*3*	**18,062**	19,466	**53,212**	48,380
Cost of sales and services		**(12,870)**	(13,828)	**(36,753)**	(33,817)
Gross profit		**5,192**	5,638	**16,459**	14,563
Other income and gains	*3*	**54,412**	230	**58,588**	1,511
Selling and distribution expenses		**(716)**	(393)	**(1,719)**	(1,083)
Administrative expenses		**(3,812)**	(3,402)	**(10,621)**	(9,209)
Finance costs		**(120)**	(15)	**(352)**	(45)
Profit before tax	*4*	**54,956**	2,058	**62,355**	5,737
Income tax expense	*5*	**(8,185)**	(266)	**(9,405)**	(485)
Profit for the period and total other comprehensive income for the period		**46,771**	1,792	**52,950**	5,252
Attributable to:					
Owners of the Company		**45,885**	825	**49,212**	1,931
Non-controlling interests		**886**	967	**3,738**	3,321
		46,771	1,792	**52,950**	5,252
Earnings per share attributable to ordinary equity holders of the Company					
— Basic (RMB cents)	*6*	**24.48**	0.44	**26.26**	1.03
— Diluted (RMB cents)		**24.48**	0.44	**26.26**	1.03

Notes:

1. GENERAL

Shanghai Qingpu Fire-Fighting Equipment Co., Ltd. (“上海青浦消防器材股份有限公司”) (the “Company”) was established in the People’s Republic of China (the “PRC”). The registered office of the Company is located at No. 1988, Jihe Road, Hua Xin Town, Qingpu District, Shanghai, the PRC and its principal place of business in Hong Kong is situated at Unit 2605, Island Place Tower, 510 King’s Road, North Point, Hong Kong.

The Company’s H shares are listed on the GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

During the period, the Group was involved in the following principal activities:

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

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

2. PRINCIPAL ACCOUNTING POLICIES

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

The unaudited condensed consolidated financial statements for the nine months ended 30 September 2021 are unaudited, but have been reviewed by the audit committee of the Company.

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

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

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

3. REVENUE, OTHER INCOME AND GAINS

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

	Unaudited Three months ended 30 September		**Unaudited Nine months ended 30 September**	
	2021	2020	**2021**	2020
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Revenue from contracts with customers:				
Sales of pressure vessels	**6,222**	5,718	**14,377**	13,664
Sales of aquarium products	**6,273**	6,151	**21,709**	15,220
Sales of marine fire-fighting equipment	**2,724**	2,670	**6,570**	7,388
Inspection service fees	**1,275**	3,510	**5,640**	7,547
Trading of other products	**–**	–	**–**	310
	16,494	18,049	**48,296**	44,129
Revenue from other resources:				
Gross rental income	**1,568**	1,417	**4,916**	4,251
	18,062	19,466	**53,212**	48,380
Other income and gains				
Interest income	**16**	131	**91**	386
Income from investment products	**292**	–	**443**	–
Fair value gain on investment properties	**–**	–	**3,700**	–
Sales of scraps	**–**	–	**–**	735
Government grant	**107**	99	**324**	390
Gain on surrender of investment properties under land resumption *(note a)*	**53,997**	–	**53,997**	–
Others	**–**	–	**33**	–
	54,412	230	**58,588**	1,511
Total revenue, other income and gains	**72,474**	19,696	**111,800**	49,891

Note (a):

On 7 June 2021, the Company entered into certain agreements (the "Land Resumption Agreements") with Qingpu District Zhonggu Town Land Resumption Office (青浦區重固鎮房屋土地徵收辦公室) and Qingpu District Zhonggu Town Construction Land Usage Reduction Office (青浦區重固鎮建設用地減量化工作辦公室) (collectively, the "Offices") in respect of the resumption of the Company's investment properties located at 740, 777 and 771-1 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、777及771-1號) (the "Zhonggu Factories")(the "Land Resumption"). Pursuant to the Land Resumption Agreements, the Company surrendered the Zhonggu Factories to the Offices for an aggregate compensation of approximately RMB87,003,000. On 27 May 2021, the Company entered into an agreement with the ex-tenant of Zhonggu Factories, pursuant to which, the Company agreed to pay a compensation of RMB4.0 million to the ex-tenant in respect of the Land Resumption.

Upon the completion of the Land Resumption on 20 August 2021, a gain on surrender of the investment properties under the Land Resumption, before corporate income tax, of approximately RMB53,997,000 (the "Land Resumption Gain") was recognised in the profit and loss. Apart from the Land Resumption Gain, there was a revaluation gain of approximately RMB11,299,000 recorded in the asset revaluation reserve in previous years upon reclassification of the Zhonggu Factories from "leasehold properties" to "investment properties" due to a change in the use of the Zhonggu Factories which was directly transferred to the retained earnings during the period.

4. PROFIT BEFORE TAX

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

	Unaudited Three months ended 30 September		**Unaudited Nine months ended 30 September**	
	2021	2020	**2021**	2020
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Amortisation of intangible assets	**45**	45	**135**	135
Depreciation on property, plant and equipment	**157**	9	**446**	95
Depreciation on right-of-use assets	**185**	178	**550**	534
Interest on lease liabilities included in finance costs	**18**	15	**41**	45
Staff costs	**1,143**	2,138	**6,108**	7,128
Auditors' remuneration	**–**	–	**–**	–
Fair value gain on investment properties	**–**	–	**(3,700)**	–
Gain on surrender of investment properties under land resumption *(note 3(a))*	**(53,997)**	–	**(53,997)**	–

5. INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong during the nine months ended 30 September 2021 (nine months ended 30 September 2020: Nil).

Under the Corporate Income Tax Law, a lower corporate income tax ("CIT") rate is applicable to small-scale enterprises with low profitability that meet certain conditions, pursuant to which, (i) the first RMB1,000,000 of assessable profits (the "1st Assessable Profits") of these subsidiaries is effective taxable at 5% (i.e. 20% on 25% of the 1st Assessable Profits); and (ii) the remaining assessable profits not over RMB3,000,000 (the "Remaining Assessable Profits") is taxable at 10% (i.e. 20% on the 50% of the Remaining Assessable Profits). Certain of the Company's subsidiaries have been designated as a small-scale enterprise. Under the Corporate Income Tax Law, the CIT for other companies in the Group is calculated at a rate of 25% (nine months ended 30 September 2020: 25%) on their estimated assessable profits for the nine months ended 30 September 2021.

	Unaudited Three months ended 30 September		**Unaudited Nine months ended 30 September**	
	2021	2020	**2021**	2020
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Current tax — PRC				
Provision for the period	**105**	266	**400**	485
Deferred tax — PRC				
Provision for the period *(note a)*	**8,080**	–	**9,005**	–
	8,185	266	**9,405**	485

Note (a):

Deferred tax provided for the nine months ended 30 September 2021 mainly represented (i) the relevant tax provision on the fair value gain on investment properties and (ii) tax provision on the Land Resumption Gain after deducting the available tax losses as at 30 September 2021. There was no land value-added tax for the Land Resumption Gain but will be subject to CIT at 25% taxable in a subsequent period not more than 5 years after completion of the Land Resumption. The relevant assessable Land Resumption Gain could be deducted against available tax losses brought forward and future relocation costs incurred.

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

The calculation of earnings per share for the three months ended 30 September 2021 is based on the profit attributable to ordinary equity holders of the Company of approximately RMB45,885,000 (three months ended 30 September 2020: approximately RMB825,000) and on 187,430,000 (three months ended 30 September 2020: 187,430,000) ordinary shares in issue during the period.

The calculation of the earnings per share for the nine months ended 30 September 2021 is based on the profit attributable to equity holders of the Company of approximately RMB49,212,000 (nine months ended 30 September 2020: approximately RMB1,931,000) and on 187,430,000 (nine months ended 30 September 2020: 187,430,000) ordinary shares in issue during the period.

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

7. DIVIDEND

No dividend have been paid or declared by the Group during the nine months ended 30 September 2021 (nine months ended 30 September 2020: Nil).

8. 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)/ Retained earnings *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
Nine months ended 30 September 2021										
As at 1 January 2021	**18,743**	**10,910**	**43,655**	**7,571**	**1,500**	**11,299**	**(23,811)**	**69,867**	**3,513**	**73,380**
Profit for the period and total comprehensive income for the period	**–**	**–**	**–**	**–**	**–**	**–**	**49,212**	**49,212**	**3,738**	**52,950**
Release of asset revaluation reserve upon surrender of investment properties under the Land Resumption *(note 3(a))*	**–**	**–**	**–**	**–**	**–**	**(11,299)**	**11,299**	**–**	**–**	**–**
As at 30 September 2021	**18,743**	**10,910**	**43,655**	**7,571**	**1,500**	**–**	**36,700**	**119,079**	**7,251**	**126,330**
Nine months ended 30 September 2020										
As at 1 January 2020	18,743	10,910	43,655	7,061	1,500	11,299	(21,898)	71,270	(204)	71,066
Profit for the period and total comprehensive income for the period	–	–	–	–	–	–	1,931	1,931	3,321	5,252
As at 30 September 2020	18,743	10,910	43,655	7,061	1,500	11,299	(19,967)	73,201	3,117	76,318

9. RELATED PARTY TRANSACTIONS

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

	Unaudited Three months ended 30 September		**Unaudited Nine months ended 30 September**	
	2021	2020	**2021**	2020
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Sale of goods				
中聯城消防科技集團有限公司 (literally translated as "Zhong Lian Cheng Fire-fighting Technology Group Company Limited", "ZLCFT")	**–**	–	**15**	–
Inspection services income				
聯城消防工程有限公司 (literally translated as "Lian Cheng Fire-fighting Engineering Company Limited", "LCFE")	**8**	9	**8**	9
上海石化消防工程有限公司 (literally translated as "Shanghai Petro-Chemical Fire-Fighting Engineering Company Limited", "SPFE")	**5**	27	**23**	48
	13	36	**31**	57

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 to and contracted with third parties.

BUSINESS AND FINANCIAL REVIEW

Revenue

For the nine months ended 30 September 2021 (the "Current Period"), the Group's revenue amounted to approximately RMB53,212,000 (nine months ended 30 September 2020 (the "Corresponding Period"): approximately RMB48,380,000), representing an increase of approximately 10% over the Corresponding Period. The increase in revenue is mainly due to an increase in sale of aquarium products to distributors of overseas market due to increase in demand as a result of lock down situation over the world.

Cost of sales and services, gross profit

For the Current Period, the Group's cost of sales and services amounted to approximately RMB36,753,000 (Corresponding Period: approximately RMB33,817,000), representing an increase of approximately 9% over the Corresponding Period which is in line with the increase in revenue. The main components of cost of sales and services are raw materials (including steel and aluminum) and labour cost.

For the Current Period, the Group's gross profit amounted to approximately RMB16,459,000 (Corresponding Period: approximately RMB14,563,000), representing a stable gross profit margin of 31% comparing to 30% for the Corresponding Period.

Other income and gains

For the Current Period, the Group's other income and gains amounted to approximately RMB58,588,000 (Corresponding Period: approximately RMB1,511,000). The increase in other income and gains is mainly due to the recognition of a gain on surrender of investment properties under land resumption of approximately RMB53,997,000 (Corresponding Period: Nil) during the Current Period.

Selling and distribution expenses

For the Current Period, the Group's selling and distribution expenses amounted to approximately RMB1,719,000 (Corresponding Period: approximately RMB1,083,000), representing an increase of approximately 59% over the Corresponding Period. The increase in selling and distributing expenses is mainly due to addition expenses, such as salary and office expenses, were incurred for the Current Period by a subsidiary established in August 2020.

Administrative expenses

For the Current Period, the Group's administrative expenses amounted to approximately RMB10,620,000 (Corresponding Period: approximately RMB9,209,000), representing an increase of approximately 15% over the Corresponding Period. The increase in administrative expenses is mainly due to the impairment of other receivables of approximately RMB696,000 during the Current Period (Corresponding Period: Nil).

Finance costs

For the Current Period, the Group's finance costs amounted to approximately RMB352,000 (Corresponding Period: approximately RMB45,000), representing an increase of approximately 682% over the Corresponding Period. The finance costs mainly comprised of interest expenses of bank borrowings to partially finance the payment of consideration for acquisition of production factory premises in July 2020.

Income tax expense

For the Current Period, the effective tax rate of the Group is 15% (Corresponding Period: 8%). Certain tax losses brought forward from prior periods were utilised to offset the assessable profits generated during the Current Period and Corresponding Period. The higher effective tax rate is recorded mainly because the Group recorded deferred tax of RMB9,005,000 (Corresponding Period: Nil) regarding the fair value gain on the investment properties and gain on surrender of investment properties under land resumption during the Current Period.

Profit for the period

For the Current Period, the Group's profit for the period amounted to approximately RMB52,950,000 (Corresponding Period: approximately RMB5,252,000), representing an increase of 908% over the Corresponding Period. The increase in profit for the Current Period is mainly due to fair value gain on the investment properties and gain on surrender of investment properties under land resumption of approximately RMB3,700,000 and RMB53,997,000, respectively, net of the deferred tax of approximately RMB9,005,000, during the Current Period (Corresponding Period: Nil).

Non-controlling interests

For the Current Period, the Group's profit for the period attributable to non-controlling interests amounted to approximately RMB3,738,000 (Corresponding Period: approximately RMB3,321,000). The increase in non-controlling interests is mainly due to the increase in the profits arising from the aquarium products segment and property investment segment, which were generated from its non-wholly-owned subsidiaries, shared by the non-controlling interests.

BUSINESS REVIEW

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

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

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

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

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

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

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

(i) approximately RMB33.53 million payable 30 days after the Land Resumption Agreements becoming effective;

(ii) approximately RMB36.07 million payable 45 days after the vacate of the Zhonggu Factories; and

(iii) the remaining balance payable upon 30 days after the completion of all deregistration procedures, including land use right, business registration, and relevant utilities accounts.

As at the date of this report, the Offices have paid and the Company has received all the Compensation.

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 minimal business activities in respect of the overseas sales of pressure vessels because of the epidemic. With the help of increase in sales of aquarium products, the situation was overcome but the Group will face more challenges to get the overseas sales of pressure vessels on track again.

On 14 July 2020, 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"), entered into an agreement (the "Transaction") to acquire 6 properties with a total building area of approximately 3,233 sq. m., located at 天億健康產業園 (literally translated as "Tian Yi Health Industrial Park") (the "Properties"), in Ci Xi, Zhejiang Province of the PRC, for an aggregate consideration of approximately RMB12,817,000 (the "Purchase Consideration"). The Purchase Consideration was paid by Shanghai Ogino's internal resources and by a bank loan in the PRC. With the new production plant, sale of aquarium products could be boosted further because of better production capacity and better corporate image to attract new customers.

PROSPECT

Since the outbreak of the COVID-19, the prevention and control of the COVID-19 has been going on throughout China. Facing the epidemic situation, the Group, while cooperating with the government to fight the epidemic situation, actively took measures to avoid the economic loss of the Group. The recent launch of various COVID-19 vaccines have provided protection and have a positive effect to the economy. Sale of aquarium products to distributors of overseas market which is boosted because increase in demand as a result of lock down situation over the world in 2020, is still growing in 2021.

Together with change in business strategies since 2019 and all the follow up work done in 2020 and 2021 by the Company, the Company believe they can sharpen the competitive edge and further improve their result. With a new production plant in the Properties expected to be completed in 2021, sale of aquarium product could be boosted further because of better production capacity and better corporate image to attract new customers. The Company will also prudently consider acquiring relevant enterprises 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 September 2021, the interests and short positions of the Directors and supervisors of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the minimum standards of dealing by directors as referred to in Rule 5.46 of the Rules Governing the Listing of Securities on the GEM (the "GEM Listing Rules"), were as follows:

Long positions in shares of the Company

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

Notes:

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 is deemed to be interested in 131,870,000 domestic shares and 1,300,000 H shares in the Company.

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

Save as disclosed above, as at 30 September 2021, none of the Directors and supervisors of the Company has any interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the minimum standards of dealing by directors as referred to in Rule 5.46 of the GEM Listing Rules.

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

As at 30 September 2021, the following person, other than the Director and supervisors of the Company, had interests and short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

Long positions in shares of the Company

Name of Shareholders	Capacity	Number of shares	Approximate percentage of total issued share capital
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 represented 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. Accordingly, Zhejiang Hengtai is deemed to be interested in 131,870,000 domestic shares and 1,300,000 H shares in the Company.

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

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 30 September 2021 and the date of this report, the Pledged Shares represent approximately 70.36% and 100% of the issued share capital and domestic shares of the Company, respectively.

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

DIRECTORS' AND SUPERVISORS' INTERESTS IN CONTRACTS

To the best knowledge of the Board, save as disclosed in note 9 of this report, no contracts of significance in relation to the Company's business to which the Company was a party and in which any persons who were Directors or supervisors of the Company had a material interest, whether directly or indirectly, subsisted at 30 September 2021 or at any time during the nine months then ended.

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

During the nine months ended 30 September 2021, the Company did not purchase, sell or redeem any of the Company's listed securities.

CORPORATE GOVERNANCE

(1) Corporate Governance Practices

The Company is committed to promoting good corporate governance, with the objectives of (i) the maintenance of responsible decision making, (ii) the improvement in transparency and disclosure of information to shareholders, (iii) the continuance of respect for the rights of shareholders and the recognition of the legitimate interests of the shareholders, and (iv) the improvement in management of risk and the enhancement of performance by the Company. Pursuant to Rule 18.44(2) and Appendix 15 of the GEM Listing Rules, the Company wish to state that it has complied with all code provisions set out in the Code on Corporate Governance Practices contained in the Appendix 15 of the GEM Listing Rules (the "Code") during the nine months ended 30 September 2021.

(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 condensed consolidated financial statements for the nine months ended 30 September 2021 and has provided advice and comments thereon.

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

Shanghai, 10 November 2021

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

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