



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

上海青浦消防器材股份有限公司

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

(Stock Code: 8115)

INTERIM REPORT 2023

* For identification purpose only

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED

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

AUDIT COMMITTEE

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

AUTHORISED REPRESENTATIVE

Mr. Chan Chi Wai Benny
Mr. Shi Hui Xing

COMPANY SECRETARY

Mr. Chan Chi Wai Benny

AUDITORS

Ascenda Cachet CPA Limited

PRINCIPAL BANKERS

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

H SHARE SHARE REGISTRAR AND TRANSFER OFFICE

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

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

STOCK CODE

8115

INTERIM RESULTS (UNAUDITED)

The Board of Directors (the “Board”) of Shanghai Qingpu Fire-Fighting Equipment Co., Ltd. (the “Company”, together with its subsidiaries, collectively the “Group”) is pleased to announce the unaudited consolidated results of the Group for the six months ended 30 June 2023. For the six months ended 30 June 2023, the unaudited revenue was approximately RMB37,047,000, representing an increase of approximately RMB7,232,000 or approximately 24% as compared with that of the same period in 2022. Profit attributable to owners of the Company was approximately RMB1,637,000 for the six months ended 30 June 2023 representing an increase of approximately RMB1,402,000 for the corresponding period in 2022.

The unaudited condensed consolidated financial statements of the Group for the three months and six months ended 30 June 2023 together with the unaudited comparative figures for the corresponding periods in 2022 are as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	<i>Notes</i>	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
		2023 <i>RMB'000</i>	2022 <i>RMB'000</i>	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Revenue	4	21,371	15,032	37,047	29,815
Cost of sales		(15,784)	(11,572)	(27,656)	(22,174)
Gross profit		5,587	3,460	9,391	7,641
Other income and gains	4	1,381	1,231	1,575	1,520
Selling and distribution expenses		(818)	(939)	(1,437)	(1,791)
Administrative expenses		(2,659)	(2,525)	(4,912)	(4,615)
Finance costs		(76)	(107)	(168)	(220)
Provision for expected credit loss (“ECL”)		(1,621)	—	(1,621)	—
Profit before tax	5	1,794	1,120	2,828	2,535
Income tax expenses	6	(561)	(698)	(456)	(720)
Profit for the period		1,233	422	2,372	1,815
Profit/(Loss) attributable to:					
Owners of the Company		1,072	(275)	1,637	235
Non-controlling interests		161	697	735	1,580
		1,233	422	2,372	1,815
Earnings/(Loss) per share attributable to ordinary equity holders of the Company	8				
— Basic (<i>RMB cent(s)</i>)		0.57	(0.15)	0.87	0.13
— Diluted (<i>RMB cent(s)</i>)		0.57	(0.15)	0.87	0.13

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited		Unaudited	
	Three months ended		Six months ended	
	30 June		30 June	
	2023	2022	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
PROFIT FOR THE PERIOD	1,233	422	2,372	1,815
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>1,233</u>	<u>422</u>	<u>2,372</u>	<u>1,815</u>
Profit/(Loss) attributable to:				
Owners of the Company	1,072	(275)	1,637	235
Non-controlling interests	161	697	735	1,580
	<u>1,233</u>	<u>422</u>	<u>2,372</u>	<u>1,815</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Unaudited as at 30 June 2023	Audited as at 31 December 2022
	<i>Notes</i>	RMB'000	RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	9	20,088	20,458
Right-of-use assets		1,753	1,215
Goodwill	10	4,211	4,211
Intangible assets		405	495
Other receivables		1,866	1,947
Deferred tax assets		810	1,215
		29,133	29,541
CURRENT ASSETS			
Inventories		9,392	11,640
Trade and bills receivables	11	9,854	8,081
Prepayments, deposits and other receivables		3,061	1,749
Due from a related company		698	698
Cash and cash equivalents		132,064	129,640
		155,069	151,808
CURRENT LIABILITIES			
Trade payables	12	7,147	5,750
Other payables and accruals		4,421	5,872
Interest-bearing bank borrowings, secured	13	897	897
Lease liabilities		846	707
Due to immediate holding company	14	906	906
Due to non-controlling interests		41	41
Tax payables		83	213
		14,341	14,386
NET CURRENT ASSETS		140,728	137,422
TOTAL ASSETS LESS CURRENT LIABILITIES		169,861	166,963

		Unaudited as at 30 June 2023	Audited as at 31 December 2022
	<i>Notes</i>	RMB'000	RMB'000
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings, secured	13	5,607	6,056
Lease liabilities		951	824
Deferred tax liabilities		9,904	9,976
		<hr/>	<hr/>
Total non-current liabilities		16,462	16,856
		<hr/>	<hr/>
Net assets		153,399	150,107
		<hr/> <hr/>	<hr/> <hr/>
EQUITY			
Equity attributable to owners of the Company			
Paid up capital		18,743	18,743
Reserves		119,088	116,954
		<hr/>	<hr/>
		137,831	135,697
Non-controlling interests		15,568	14,410
		<hr/>	<hr/>
Total equity		153,399	150,107
		<hr/> <hr/>	<hr/> <hr/>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company								Total equity RMB'000	
	Paid-up capital RMB'000	Share premium* RMB'000	Capital reserve* RMB'000	Statutory reserve fund* RMB'000	Discretionary		Retained profits RMB'000	Total RMB'000		Non-controlling interests RMB'000
					common reserve fund* RMB'000					
<i>Six months ended 30 June 2023</i>										
Balance at 1 January 2023	18,743	10,910	44,149	10,042	1,500	50,353	135,697	14,410	150,107	
Profit for the period and total comprehensive income for the period	-	-	-	-	-	1,637	1,637	735	2,372	
Fair value of land use right granted by shareholder and non-controlling interests	-	-	497	-	-	-	497	423	920	
Balance at 30 June 2023	<u>18,743</u>	<u>10,910</u>	<u>44,646</u>	<u>10,042</u>	<u>1,500</u>	<u>51,990</u>	<u>137,831</u>	<u>15,568</u>	<u>153,399</u>	
<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>45,635</u>	<u>129,852</u>	<u>11,984</u>	<u>141,836</u>	

* These reserve accounts comprise the consolidated reserves of approximately RMB119,088,000 (30 June 2022: RMB111,109,000) in the unaudited condensed consolidated statement of financial position.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Six months ended 30 June	
	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Net cash flows from operating activities	3,030	851
Net cash flows from/(used in) investing activities	(204)	82
Net cash flows used in financing activities	(402)	(864)
Net increase in cash and cash equivalents	2,424	69
Cash and cash equivalents at beginning of period	129,640	121,001
Cash and cash equivalents at end of period	132,064	121,070

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 2022.

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:

IFRS 17	Insurance Contracts and the related Amendments
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

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 HKFRS 10 and HKAS 28 (2011)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ¹
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current ¹
Amendments to HKAS 1	Non-current Liabilities with Covenants ¹

¹ Effective for annual periods beginning on or after 1 January 2024

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 and lease of office building and industrial properties for rental income purpose; 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, which is a measure of adjusted profit before tax. The adjusted profit 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, deferred tax assets 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 2023 (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	13,391	12,868	5,394	1,772	–	–	33,425
Gross rental income	–	–	–	–	3,622	–	3,622
	<u>13,391</u>	<u>12,868</u>	<u>5,394</u>	<u>1,772</u>	<u>3,622</u>	<u>–</u>	<u>37,047</u>
Segments results	(41)	183	(398)	262	2,409	–	2,415
Reconciliation:							
Interest income							100
Government grant							137
Realised gains on financial assets at fair value through profit or loss							1,203
Finance costs (other than interest on lease liabilities)							(128)
Corporate and unallocated income							135
Corporate and unallocated expenses							(1,034)
Profit before tax							<u>2,828</u>
Capital expenditure*	–	248	–	–	–	–	248
Depreciation and amortisation	349	505	–	80	–	–	934
Provision for ECL allowance on trade receivable	<u>356</u>	<u>1,043</u>	<u>191</u>	<u>–</u>	<u>31</u>	<u>–</u>	<u>1,621</u>
As at 30 June 2023 (unaudited)							
Segment assets	12,844	24,708	8,086	1,879	3,811	–	51,328
Unallocated assets							<u>132,874</u>
Total assets							<u>184,202</u>
Segment liabilities	6,720	1,938	4,955	506	193	–	14,312
Unallocated liabilities							<u>16,491</u>
Total liabilities							<u>30,803</u>

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>

* *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	
	2023 RMB'000	2022 RMB'000	2023 RMB'000	2022 RMB'000
Customer A*	4,304	5,686	10,695	11,748
Customer B**	3,526	4,253	9,182	5,938
	<u>7,830</u>	<u>9,939</u>	<u>19,877</u>	<u>17,686</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	
	2023 RMB'000	2022 RMB'000	2023 RMB'000	2022 RMB'000
PRC	15,039	9,505	24,945	20,654
European Union	6,332	5,527	12,102	9,161
	<u>21,371</u>	<u>15,032</u>	<u>37,047</u>	<u>29,815</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 Three months ended 30 June		Unaudited Six months ended 30 June	
	2023 RMB'000	2022 RMB'000	2023 RMB'000	2022 RMB'000
Revenue from contracts with customers:				
Sales of pressure vessels	7,233	5,897	13,391	9,884
Sales of aquarium products	7,661	6,937	12,868	14,048
Sales of marine fire-fighting equipment	3,728	1,408	5,394	2,360
Inspection service fees	912	411	1,772	1,470
	<u>19,534</u>	<u>14,653</u>	<u>33,425</u>	<u>27,762</u>
Revenue from other sources:				
Gross rental income	1,837	379	3,622	2,053
	<u>21,371</u>	<u>15,032</u>	<u>37,047</u>	<u>29,815</u>

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	
	2023 RMB'000	2022 RMB'000	2023 RMB'000	2022 RMB'000
Type of goods or services				
Sales of goods	18,622	14,242	31,653	26,292
Inspection services	912	411	1,772	1,470
	<u>19,534</u>	<u>14,653</u>	<u>33,425</u>	<u>27,762</u>
Geographical markets				
PRC	13,202	9,126	21,323	18,601
European Union	6,332	5,527	12,102	9,161
	<u>19,534</u>	<u>14,653</u>	<u>33,425</u>	<u>27,762</u>
Timing of revenue recognition				
Goods transferred at a point in time	18,622	14,242	31,653	26,292
Services transferred over time	912	411	1,772	1,470
	<u>19,534</u>	<u>14,653</u>	<u>33,425</u>	<u>27,762</u>
Revenue from contracts with customers				
External customers	<u>19,534</u>	<u>14,653</u>	<u>33,425</u>	<u>27,762</u>
Other income and gains				
Interest income	91	262	100	270
Realised gains on financial assets at fair value through profit or loss	1,116	789	1,203	914
Government grant	43	61	137	154
Others	131	119	135	182
Total other income and gains	<u>1,381</u>	<u>1,231</u>	<u>1,575</u>	<u>1,520</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	
	2023 RMB'000	2022 RMB'000	2023 RMB'000	2022 RMB'000
Depreciation on right-of-use assets	227	157	316	246
Amortisation of intangible assets	45	45	90	90
Depreciation on property, plant and equipment	509	260	618	361
Interest on lease liabilities included in financial costs	26	17	40	35
Staff costs	1,719	2,038	3,714	3,854
Auditors' remuneration	92	86	165	155
Realised gains on financial assets at fair value through profit or loss	(1,116)	(789)	(1,203)	(914)
Provision for ECL allowance on trade receivables	1,621	–	1,621	–

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 2023 (six months ended 30 June 2022: 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 effectively taxable at 5% (i.e. 20% CIT rate on 25% of the 1st Assessable Profits) (six months ended 30 June 2022: 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 effectively taxable at 5% (i.e. 20% CIT rate on the 25% of the Remaining Assessable Profits) (six months ended 30 June 2022: 5% (i.e. 20% CIT rate on 25% 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 2022: 25%) on the estimated assessable profits for the six months ended 30 June 2023.

	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	2023 RMB'000	2022 RMB'000	2023 RMB'000	2022 RMB'000
Current tax — PRC				
Provision for the period	(7)	698	123	720
Deferred tax	568	–	333	–
Total tax charge for the period	561	698	456	720

7. DIVIDEND

No dividend has been paid or declared by the Company during the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

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

The calculation of the profit per share for the three months ended 30 June 2023 is based on the profit attributable to ordinary equity holders of the Company of approximately RMB1,072,000 (three months ended 30 June 2022: loss attributable to ordinary equity holders of the Company of approximately RMB275,000), and on the number of 187,430,000 (30 June 2022: 187,430,000) ordinary shares in issue during the period.

The calculation of the earnings per share for the six months ended 30 June 2023 is based on the profit attributable to ordinary equity holders of the Company of approximately RMB1,637,000 (six months ended 30 June 2022: approximately RMB235,000), and on the number of 187,430,000 (30 June 2022: 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 2023 and 2022 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 RMB13,829,000 as at 30 June 2023 of which, no property ownership certificates have yet been obtained. Subsequent to the end of the reporting period in July 2023, the property ownership certificates for the Tian Yi Properties were obtained. The Tian Yi Properties have been pledged to secure the interest-bearing bank borrowings (note 13).

10. GOODWILL

	<i>RMB'000</i>
At 31 December 2022 (audited)	
Cost	4,211
Accumulated impairment	—
Net carrying amount	<u>4,211</u>
At 30 June 2023 (unaudited)	
Cost	4,211
Accumulated impairment	—
Net carrying amount	<u>4,211</u>

11. TRADE AND BILLS RECEIVABLES

	Unaudited 30 June 2023 <i>RMB'000</i>	Audited 31 December 2022 <i>RMB'000</i>
Trade receivables	13,159	9,346
Less: Allowance for credit losses	(3,305)	(1,684)
	9,854	7,662
Bills receivables	–	419
	9,854	8,081

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 30 June 2023 <i>RMB'000</i>	Audited 31 December 2022 <i>RMB'000</i>
Within 1 month	5,812	5,729
1 to 2 months	1,781	833
2 to 3 months	698	10
3 to 6 months	898	1,207
6 to 12 months	398	245
1 to 2 years	267	57
	9,854	8,081

12. TRADE PAYABLES

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

	Unaudited 30 June 2023 <i>RMB'000</i>	Audited 31 December 2022 <i>RMB'000</i>
Within 1 month	1,479	2,220
1 to 2 months	1,418	1,131
2 to 3 months	389	190
Over 3 months	3,861	2,209
	7,147	5,750

13. INTEREST-BEARING BANK BORROWINGS, SECURED

	Effective interest rate	Maturity	Unaudited 30 June 2023 RMB'000	Audited 31 December 2022 RMB'000
Bank borrowings (<i>note (a)</i>)	Loan prime rate +0.25%	2030	6,504	6,953
Less: Bank borrowings classified as non-current portion			<u>(5,607)</u>	<u>(6,056)</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>2,019</u>	<u>2,468</u>
			<u>6,504</u>	<u>6,953</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

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

As at 30 June 2023 and 31 December 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 2024. None of the Facility has been drawn down as at 30 June 2023 and 31 December 2022.

15. COMMITMENTS

The Group did not have any significant commitment as at 30 June 2023 (31 December 2022: Nil).

16. RELATED PARTY TRANSACTIONS

- (a) During the six months ended 30 June 2023, the Group provided inspection service to a related company, 上海石化消防工程有限公司 (controlled by a director of Zhejiang Hengtai) (literally translated as “Shanghai Petro-Chemical Fire-fighting Engineering Company Limited”) for inspection service income of approximately RMB3,000 (six months ended 30 June 2022: RMB7,000).
- (b) Compensation of key management personnel of the Group during the period was as follows:

	Unaudited		Unaudited	
	Three months ended		Six months ended	
	30 June		30 June	
	2023	2022	2023	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Fees:				
Independent non-executive directors	23	23	45	45
	<u>23</u>	<u>23</u>	<u>45</u>	<u>45</u>
Other emoluments:				
Salaries, allowances and benefits in kind	77	63	154	126
Pension scheme contributions	6	–	13	–
	<u>83</u>	<u>63</u>	<u>167</u>	<u>126</u>
	<u>106</u>	<u>86</u>	<u>212</u>	<u>171</u>

17. CONTINGENT LIABILITIES

As at 30 June 2023, the Group did not have material contingent liabilities.

BUSINESS AND FINANCIAL REVIEW

Revenue

For the six months ended 30 June 2023, the Group recorded revenue of approximately RMB37,047,000 (six months ended 30 June 2022: approximately RMB29,815,000), representing an increase of approximately 24% over the corresponding period of last year. The increase in revenue was mainly due to the increase in sales of marine fire-fighting equipment and sales of pressure vessels as Shanghai City, where the office and factories of the Group are located, was under mandatory lockdown during April 2022 to June 2022, which led to lower sales for the six months ended 30 June 2022.

Cost of sales and gross profit

For the six months ended 30 June 2023, the Group's cost of sales amounted to approximately RMB27,656,000 (six months ended 30 June 2022: approximately RMB22,174,000), representing an increase of approximately 25% in line with the increase in revenue 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 2023, the Group's gross profit amounted to approximately RMB9,391,000 (six months ended 30 June 2022: approximately RMB7,641,000). The gross profit ratio was 25% for the six months ended 30 June 2023 (six months ended 30 June 2022: 26%). The gross profit ratio was stable as compared to the corresponding period of last year.

Other revenue and income

For the six months ended 30 June 2023, the Group's other income and gains amounted to approximately RMB1,575,000 (six months ended 30 June 2022: approximately RMB1,520,000), representing an increase of approximately 4% over the corresponding period of last year. The increase in other revenue and income was mainly due to the increase in realised gains on financial assets at fair value through profit or loss partially offset by decrease in interest income.

Selling and distribution expenses

For the six months ended 30 June 2023, the Group's selling and distribution expenses amounted to approximately RMB1,437,000 (six months ended 30 June 2022: approximately RMB1,791,000), representing a decrease of approximately 20% over the corresponding period of last year. The decrease in selling and distributing expenses was mainly due to the decrease in transportation cost as a result of the decrease in sales of aquarium products and decrease in general expenses for the sales department during the six months ended 30 June 2023.

Administrative expenses

For the six months ended 30 June 2023, the Group's administrative expenses amounted to approximately RMB4,912,000 (six months ended 30 June 2022: approximately RMB4,615,000), representing an increase of approximately 6% over the corresponding period of last year. The increase in administrative expenses was mainly due to the increase in general administrative expenses for operation purpose.

Finance costs

For the six months ended 30 June 2023, the Group's finance costs amounted to approximately RMB168,000 (six months ended 30 June 2022: approximately RMB220,000). The finance costs mainly comprise of interest expenses on bank borrowings to partially financing the payment of consideration for the acquisition of a production plant in prior year.

Non-controlling interests

For the six months ended 30 June 2023, the Group's profit for the period attributable to non-controlling interests amounted to approximately RMB735,000 (six months ended 30 June 2022: approximately RMB1,580,000). The decrease was mainly attributable to the decrease in profits of certain non-wholly-owned subsidiaries for the six months ended 30 June 2023 as compared with the corresponding period of last year.

Profit for the period

For the six months ended 30 June 2023, the Group's profit for the period amounted to approximately RMB2,372,000 (six months ended 30 June 2022: approximately RMB1,815,000), representing an increase of 31% over the corresponding period of last year. The increase in profit for the period was primarily attributable to the increase in gross rental income, sales of marine fire-fighting equipment and sales of pressure vessels for the six months ended 30 June 2023.

Income tax

Pursuant to the relevant PRC tax regulations, the normal Corporate Income Tax ("CIT") rate is 25%.

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 effectively taxable at 5% (i.e. 20% CIT rate on 25% of the 1st Assessable Profits) (six months ended 30 June 2022: 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 effectively taxable at 5% (i.e. 20% CIT rate on 25% of the Remaining Assessable Profits) (six months ended 30 June 2022: 5% (i.e. 20% CIT rate on 25% of the Remaining Assessable Profits)). Certain of the Company's subsidiaries have been designated as a small scale enterprise.

Tax charge of the Group for the six months ended 30 June 2023 mainly represented the utilisation of deferred tax assets in respect of the tax losses to offset against the assessable profits derived during the period.

Net current assets

As at 30 June 2023, the Group had current assets of approximately RMB155,069,000, based on which, the current ratio was 10.8 (31 December 2022: 10.6). The current liabilities were decreased from RMB14,386,000 as at 31 December 2022 to RMB14,341,000 as at 30 June 2023 mainly attributable to the decrease in other payable and accruals net off by the increase in trade payables. Current assets as at 30 June 2023 mainly comprised of inventories of approximately RMB9,392,000 (31 December 2022: RMB11,640,000), trade and bills receivables of approximately RMB9,854,000 (31 December 2022: RMB8,081,000), prepayments, deposits and other receivables of approximately RMB3,061,000 (31 December 2022: RMB1,749,000) and cash and bank deposits of approximately RMB132,064,000 (31 December 2022: RMB129,640,000). The inventories turnover days for the period was 123 days (31 December 2022: 94 days). The turnover days was increased because of the decrease in sales of aquarium products which form a significant component of the inventories. Trade and bills receivables were increased to RMB9,854,000 (31 December 2022: RMB8,081,000). The Group's trade and bills receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Current liabilities mainly comprised of trade payables of approximately RMB7,147,000 (31 December 2022: RMB5,750,000) and other payables and accruals of approximately RMB4,421,000 (31 December 2022: RMB5,872,000).

Borrowings

The outstanding bank borrowings of the Group were approximately RMB6,504,000 as at 30 June 2023 (31 December 2022: RMB6,953,000). 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 2023 was 20% (31 December 2022: 21%), which was expressed as a percentage of the total liabilities divided by the total equity. There was no material change in the gearing ratio for the period.

Capital structure and financial resources

As at 30 June 2023, 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 2023.

As at 30 June 2023, the Group had net assets of approximately RMB153,399,000 (31 December 2022: RMB150,107,000). The Group's operations are financed principally by internal resources, interest bearing bank borrowings and shareholders' equity.

As at 30 June 2023 and 31 December 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 2024. None of the Facility has been drawn down as at 30 June 2023 and 31 December 2022.

Significant investments and material acquisitions and disposals

During the six months ended 30 June 2023, 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 RMB13,829,000 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 2023.

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 COVID-19, the PRC has been actively working to prevent and control its spread. In 2023, most restrictions were lifted, allowing people to travel freely during Chinese New Year. The Group was able to achieve positive results during the period because business activities have resumed and picked up since the second half of 2022.

PROSPECT

The Directors are optimistic about the PRC economy's steady recovery from the global COVID-19 outbreak, as restrictions are lifted worldwide. The Group will also carefully consider developing and acquiring profitable enterprises in accordance with relevant laws and regulations to accelerate profitability growth, aiming to become a major player in manufacturing, selling fire-fighting equipment, and providing fire-fighting services in the PRC.

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

As at 30 June 2023, 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 2023, 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 2023, 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:

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

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

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

Save as disclosed above, the Company has not been notified of any other person with relevant interests representing 5% or more in the issued shares capital of the Company as at 30 June 2023.

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 2023 had a material interest, whether directly or indirectly, subsisted at 30 June 2023 or at any time during the six months ended 30 June 2023.

EMPLOYEES

As at 30 June 2023, the Group had 89 employees (30 June 2022: 90 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 2023, 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 2023 (six months ended 30 June 2022: 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 2023.

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

Shanghai, 10 August 2023

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.