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

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2024

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED

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

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

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

* For identification purposes only

INTERIM RESULTS (UNAUDITED)

The Board of Directors (the “Board”) of Shanghai Qingpu Fire-Fighting Equipment Co., Ltd. (the “Company”, together with its subsidiaries, collectively the “Group”) is pleased to announce the unaudited consolidated results of the Group for the six months ended 30 June 2024. For the six months ended 30 June 2024, the unaudited revenue was approximately RMB39,571,000, representing an increase of approximately RMB2,524,000 or approximately 6.8% as compared with that of the same period in 2023. Profit attributable to owners of the Company was approximately RMB3,773,000 for the six months ended 30 June 2024 representing an increase of approximately RMB2,136,000 for the corresponding period in 2023.

The unaudited condensed consolidated financial statements of the Group for the three months and six months ended 30 June 2024 together with the unaudited comparative figures for the corresponding periods in 2023 are as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
		2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
Revenue	4	23,003	21,371	39,571	37,047
Cost of sales		(15,328)	(15,784)	(27,732)	(27,656)
Gross profit		7,675	5,587	11,839	9,391
Other income and gains	4	1,176	1,381	2,121	1,575
Selling and distribution expenses		(1,062)	(818)	(1,794)	(1,437)
Administrative expenses		(2,492)	(2,659)	(5,186)	(4,912)
Finance costs		(89)	(76)	(160)	(168)
Provision for expected credit loss (“ECL”)		(550)	(1,621)	(584)	(1,621)
Profit before tax	5	4,658	1,794	6,236	2,828
Income tax expenses	6	(478)	(561)	(971)	(456)
Profit for the period		4,180	1,233	5,265	2,372
Profit attributable to:					
Owners of the Company		3,617	1,072	3,773	1,637
Non-controlling interests		563	161	1,492	735
		4,180	1,233	5,265	2,372
Earnings per share attributable to ordinary equity holders of the Company	8				
— Basic (RMB cent(s))		1.93	0.57	2.01	0.87
— Diluted (RMB cent(s))		1.93	0.57	2.01	0.87

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF
COMPREHENSIVE INCOME**

	Unaudited		Unaudited	
	Three months ended		Six months ended	
	30 June		30 June	
	2024	2023	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
PROFIT FOR THE PERIOD	4,180	1,233	5,265	2,372
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>4,180</u>	<u>1,233</u>	<u>5,265</u>	<u>2,372</u>
Profit attributable to:				
Owners of the Company	3,617	1,072	3,773	1,637
Non-controlling interests	<u>563</u>	<u>161</u>	<u>1,492</u>	<u>735</u>
	<u>4,180</u>	<u>1,233</u>	<u>5,265</u>	<u>2,372</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Unaudited as at 30 June 2024 <i>RMB'000</i>	Audited as at 31 December 2023 <i>RMB'000</i>
	<i>Notes</i>		
NON-CURRENT ASSETS			
Property, plant and equipment	9	18,708	19,030
Right-of-use assets		1,183	1,436
Goodwill	10	4,211	4,211
Intangible assets		225	315
Other receivables		1,705	1,786
Deferred tax assets		–	100
		<hr/>	<hr/>
Total non-current assets		26,032	26,878
		<hr/>	<hr/>
CURRENT ASSETS			
Inventories		12,710	8,490
Trade and bills receivables	11	14,963	10,231
Prepayments, deposits and other receivables		5,550	4,226
Due from a related company		698	698
Cash and cash equivalents		141,825	143,391
		<hr/>	<hr/>
Total current assets		175,746	167,036
		<hr/>	<hr/>
CURRENT LIABILITIES			
Trade payables	12	8,654	7,425
Other payables and accruals		6,578	4,677
Lease liabilities		1,260	805
Due to immediate holding company	14	906	906
Due to non-controlling interests		41	41
Tax payables		276	121
		<hr/>	<hr/>
Total current liabilities		17,715	13,975
		<hr/>	<hr/>
NET CURRENT ASSETS		158,031	153,061
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		184,063	179,939
		<hr/> <hr/>	<hr/> <hr/>

		Unaudited	Audited
		as at	as at
		30 June	31 December
		2024	2023
	<i>Notes</i>	RMB'000	RMB'000
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings, secured	<i>13</i>	5,790	5,790
Lease liabilities		464	960
Deferred tax liabilities		8,600	10,165
		<hr/>	<hr/>
Total non-current liabilities		14,854	16,915
		<hr/>	<hr/>
Net assets		169,209	163,024
		<hr/> <hr/>	<hr/> <hr/>
EQUITY			
Equity attributable to owners of the Company			
Paid up capital		18,743	18,743
Reserves		130,736	126,469
		<hr/>	<hr/>
		149,479	145,212
		<hr/>	<hr/>
Non-controlling interests		19,730	17,812
		<hr/>	<hr/>
Total equity		169,209	163,024
		<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 common reserve fund* RMB'000	Retained profits* RMB'000	Total RMB'000	Non-controlling interests RMB'000	
<i>Six months ended 30 June 2024</i>									
Balance at 1 January 2024	18,743	10,910	45,143	11,014	1,500	57,902	145,212	17,812	163,024
Profit for the period and total comprehensive income for the period	-	-	-	-	-	3,773	3,773	1,492	5,265
Fair value of land use right granted by shareholder and non-controlling interests	-	-	494	-	-	-	494	426	920
Balance at 30 June 2024	<u>18,743</u>	<u>10,910</u>	<u>45,637</u>	<u>11,014</u>	<u>1,500</u>	<u>61,675</u>	<u>149,479</u>	<u>19,730</u>	<u>169,209</u>
<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	-	-	494	-	-	-	494	426	920
Balance at 30 June 2023	<u>18,743</u>	<u>10,910</u>	<u>44,643</u>	<u>10,042</u>	<u>1,500</u>	<u>51,990</u>	<u>137,828</u>	<u>15,571</u>	<u>153,399</u>

* These reserve accounts comprise the consolidated reserves of approximately RMB130,736,000 (30 June 2023: RMB119,085,000) in the unaudited condensed consolidated statement of financial position.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Six months ended 30 June	
	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Net cash (used in)/flows from operating activities	(1,157)	3,030
Net cash flows used in investing activities	(340)	(204)
Net cash flows used in financing activities	<u>(69)</u>	<u>(402)</u>
Net (decrease)/increase in cash and cash equivalents	(1,566)	2,424
Cash and cash equivalents at beginning of period	<u>143,391</u>	<u>129,640</u>
Cash and cash equivalents at end of period	<u><u>141,825</u></u>	<u><u>132,064</u></u>

Notes:

1. GENERAL

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

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

The Group's principal activities during the period are set out in note 3.

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

2.1 BASIS OF PREPARATION

The unaudited condensed consolidated financial statements of the Group have been prepared in accordance with International Accounting Standard ("IAS") No. 34 "Interim Financial Reporting" issued by the International Accounting Standards Board ("IASB") and the Rules Governing the Listing of Securities on the GEM ("GEM Listing Rules") of the Stock Exchange. They have 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 2023.

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

Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

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:

		Effective for accounting periods beginning on or after
IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instrument	1 January 2026
IAS 21 (Amendments)	Lack of Exchangeability	1 January 2025
IFRS 10 and IAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Group is in the process of making an assessment on the impact of these new standards and amendments to standards and preliminary results showed that their applications are not expected to have a material impact on the financial performance and the financial position of the Group.

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 2024 (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	14,735	13,868	4,719	2,711	-	-	36,033
Gross rental income	-	-	-	-	3,538	-	3,538
	<u>14,735</u>	<u>13,868</u>	<u>4,719</u>	<u>2,711</u>	<u>3,538</u>	<u>-</u>	<u>39,571</u>
Segments results	(57)	2,744	428	511	1,260	-	4,886
Reconciliation:							
Interest income							164
Government grant							230
Realised gains on financial assets at fair value through profit or loss							1,606
Finance costs (other than interest on lease liabilities)							(132)
Corporate and unallocated income							121
Corporate and unallocated expenses							(639)
Profit before tax							<u>6,236</u>
Capital expenditure*	-	-	340	-	-	-	340
Depreciation and amortisation	303	531	-	171	-	-	1,005
Reversal of provision/ (Provision) for ECL allowance on trade receivable	<u>603</u>	<u>-</u>	<u>(23)</u>	<u>-</u>	<u>4</u>	<u>-</u>	<u>584</u>
As at 30 June 2024 (unaudited)							
Segment assets	18,218	26,984	8,663	1,695	4,343	-	59,953
Unallocated assets							<u>141,825</u>
Total assets							<u>201,778</u>
Segment liabilities	6,343	4,037	3,172	929	2,384	-	16,956
Unallocated liabilities							<u>15,613</u>
Total liabilities							<u>32,569</u>

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	–	170	–	–	1,024
Provision for ECL allowance on trade receivable	356	1,043	191	–	31	–	1,621

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>

* 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	
	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
Customer A*	5,741	4,304	11,443	10,695
Customer B**	5,696	3,526	9,872	9,182
	<u>11,437</u>	<u>7,830</u>	<u>21,315</u>	<u>19,877</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	
	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
PRC	14,548	15,039	25,743	24,945
European Union	8,455	6,332	13,828	12,102
	<u>23,003</u>	<u>21,371</u>	<u>39,571</u>	<u>37,047</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	
	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
Revenue from contracts with customers:				
Sales of pressure vessels	9,172	7,233	14,735	13,391
Sales of aquarium products	7,113	7,661	13,868	12,868
Sales of marine fire-fighting equipment	3,267	3,728	4,719	5,394
Inspection service fees	1,682	912	2,711	1,772
	<u>21,234</u>	<u>19,534</u>	<u>36,033</u>	<u>33,425</u>
Revenue from other sources:				
Gross rental income	1,769	1,837	3,538	3,622
	<u>23,003</u>	<u>21,371</u>	<u>39,571</u>	<u>37,047</u>

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

	For the three months ended		For the six months ended	
	30 June		30 June	
	2024	2023	2024	2023
	RMB'000	RMB'000	RMB'000	RMB'000
Type of goods or services				
Sales of goods	19,552	18,622	33,322	31,653
Inspection services	1,682	912	2,711	1,772
	<u>21,234</u>	<u>19,534</u>	<u>36,033</u>	<u>33,425</u>
Geographical markets				
PRC	12,779	13,202	22,205	21,323
European Union	8,455	6,332	13,828	12,102
	<u>21,234</u>	<u>19,534</u>	<u>36,033</u>	<u>33,425</u>
Timing of revenue recognition				
Goods transferred at a point in time	19,552	18,622	33,322	31,653
Services transferred over time	1,682	912	2,711	1,772
	<u>21,234</u>	<u>19,534</u>	<u>36,033</u>	<u>33,425</u>
Revenue from contracts with customers				
External customers	<u>21,234</u>	<u>19,534</u>	<u>36,033</u>	<u>33,425</u>
Other income and gains				
Interest income	133	91	164	100
Realised gains on financial assets at fair value through profit or loss	977	1,116	1,606	1,203
Government grant*	–	43	230	137
Exchange gain, net	66	–	116	–
Others	–	131	5	135
Total other income and gains	<u>1,176</u>	<u>1,381</u>	<u>2,121</u>	<u>1,575</u>

* The Group received unconditional government grant of RMB230,000 (six months ended 30 June 2023: RMB137,000) during the six months ended 30 June 2024 in respect of subsidies for supporting enterprises development. There were no unfulfilled conditions or contingencies attaching to these government subsidies.

5. PROFIT BEFORE TAX

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

	Unaudited		Unaudited	
	Three months ended		Six months ended	
	30 June		30 June	
	2024	2023	2024	2023
	RMB'000	RMB'000	RMB'000	RMB'000
Depreciation on right-of-use assets	127	227	253	316
Amortisation of intangible assets	45	45	90	90
Depreciation on property, plant and equipment	270	509	662	618
Interest on lease liabilities included in financial costs	11	26	28	40
Staff costs (excluding Directors' emoluments)	2,425	1,927	4,442	4,134
Auditor's remuneration	94	92	168	165
Realised gains on financial assets at fair value through profit or loss	977	(1,116)	(1,606)	(1,203)
Provision for ECL allowance on trade receivables	550	1,621	584	1,621
	<u>550</u>	<u>1,621</u>	<u>584</u>	<u>1,621</u>

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 2024 (six months ended 30 June 2023: 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 2023: 5% (i.e. 20% CIT rate on 25% of the 1st Assessable Profits)); and (ii) the remaining assessable profits not over RMB3,000,000 (the "Remaining Assessable Profits") are effectively taxable at 5% (i.e. 20% CIT rate on the 25% of the Remaining Assessable Profits) (six months ended 30 June 2023: 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 2023: 25%) on the estimated assessable profits for the six months ended 30 June 2024.

	Unaudited Three months ended 30 June 2024		Unaudited Six months ended 30 June 2024	
	RMB'000	2023 RMB'000	RMB'000	2023 RMB'000
Current tax — PRC				
Provision for the period	326	(7)	428	123
Deferred tax	152	568	543	333
	<u>478</u>	<u>561</u>	<u>971</u>	<u>456</u>
Total tax charge for the period	<u>478</u>	<u>561</u>	<u>971</u>	<u>456</u>

7. DIVIDEND

No dividend has been paid or declared by the Company during the six months ended 30 June 2024 (six months ended 30 June 2023: 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 2024 is based on the profit attributable to ordinary equity holders of the Company of approximately RMB3,617,000 (three months ended 30 June 2023: RMB1,072,000), and on the number of 187,430,000 (30 June 2023: 187,430,000) ordinary shares in issue during the period.

The calculation of the earnings per share for the six months ended 30 June 2024 is based on the profit attributable to ordinary equity holders of the Company of approximately RMB3,773,000 (six months ended 30 June 2023: approximately RMB1,637,000), and on the number of 187,430,000 (30 June 2023: 187,430,000) ordinary shares in issue during the period.

No adjustment has been made to the basic earnings per share amounts for three months and six months ended 30 June 2024 and 2023 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during those periods.

9. PROPERTY, PLANT AND EQUIPMENT

Additions to property, plant and equipment amounted to approximately RMB340,000 for the six months ended 30 June 2024 (six months ended 30 June 2023: RMB248,000).

Certain of the buildings with net carrying amount of approximately RMB8,012,000 (31 December 2023: RMB8,270,000) have been pledged to a bank to secure the interest-bearing bank borrowings (note 13).

10. GOODWILL

	<i>RMB'000</i>
At 31 December 2023 (audited)	
Cost	4,211
Accumulated impairment	—
	<hr/>
Net carrying amount	<u>4,211</u>
At 30 June 2024 (unaudited)	
Cost	4,211
Accumulated impairment	—
	<hr/>
Net carrying amount	<u>4,211</u>

11. TRADE AND BILLS RECEIVABLES

	Unaudited 30 June 2024 <i>RMB'000</i>	Audited 31 December 2023 <i>RMB'000</i>
Trade receivables	15,821	10,505
Less: Allowance for credit losses	(858)	(274)
	<hr/>	<hr/>
	14,963	10,231
Bills receivables	—	—
	<hr/>	<hr/>
	14,963	10,231
	<hr/> <hr/>	<hr/> <hr/>

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.

As at 30 June 2024, the Group had significant concentration of credit risk as 59% (31 December 2023: no significant concentration of credit risk) of the total gross trade receivables were made up by the Group's five largest outstanding balances.

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

	Unaudited	Audited
	30 June	31 December
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 month	5,436	4,490
1 to 2 months	2,232	1,069
2 to 3 months	2,855	987
3 to 6 months	1,246	2,337
6 to 12 months	2,129	1,211
1 to 2 years	1,065	137
	<u>14,963</u>	<u>10,231</u>

12. TRADE PAYABLES

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

	Unaudited	Audited
	30 June	31 December
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 month	886	3,297
1 to 2 months	2,066	724
2 to 3 months	2,204	540
Over 3 months	3,498	2,864
	<u>8,654</u>	<u>7,425</u>

13. INTEREST-BEARING BANK BORROWINGS, SECURED

	Effective interest rate	Maturity	Unaudited 30 June 2024 RMB'000	Audited 31 December 2023 RMB'000
Bank borrowings (<i>note</i>)	Loan prime rate +0.40%	2026	5,790	5,790
Less: Bank borrowings classified as non-current portion			—	—
Bank borrowings classified as current portion			<u>5,790</u>	<u>5,790</u>
Analysed into:				
Bank borrowings repayable:				
Within one year			—	—
In the second year			—	—
In the third to fifth years, inclusive			5,790	5,790
Over five years			—	—
			<u>5,790</u>	<u>5,790</u>

Note:

On 12 December 2023, the Group entered into four banking facilities with a state-owned bank (the “Bank”) in the PRC, pursuant to which the Bank granted four revolving facilities with aggregate amount of RMB8,276,000 to the Group for 5 years until 11 December 2028. On 15 December 2023, four loans (the “Loans”) with aggregate principal amount of RMB5,790,000 were drawn down by the Group for a term of 3 years. The banking facilities are secured by the pledge of four properties of the Group with carrying amount of approximately RMB8,012,000 as at 30 June 2024 (31 December 2023: RMB8,270,000). 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 0.40% per annum and are repayable on 14 December 2026.

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 2024 and 31 December 2023, 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 2025. None of the Facility has been drawn down as at 30 June 2024 and 31 December 2023.

15. COMMITMENTS

The Group did not have any significant commitment as at 30 June 2024 (31 December 2023: 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 (literally translated as "Shanghai Petro-Chemical Fire-fighting Engineering Company Limited"), a company controlled by a director of Zhejiang Hengtai, for inspection service income of approximately RMB3,000 (six months ended 30 June 2024: Nil).
- (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	
	2024	2023	2024	2023
	RMB'000	RMB'000	RMB'000	RMB'000
Fees:				
Independent non-executive directors	45	23	45	45
	<u>45</u>	<u>23</u>	<u>45</u>	<u>45</u>
Other emoluments:				
Salaries, allowances and benefits in kind	81	77	162	154
Pension scheme contributions	16	6	32	13
	<u>97</u>	<u>83</u>	<u>194</u>	<u>167</u>
	<u>142</u>	<u>106</u>	<u>239</u>	<u>212</u>

17. CONTINGENT LIABILITIES

As at 30 June 2024, the Group did not have material contingent liabilities.

BUSINESS AND FINANCIAL REVIEW

Revenue

For the six months ended 30 June 2024, the Group recorded revenue of approximately RMB39,571,000 (six months ended 30 June 2023: approximately RMB37,047,000), representing an increase of approximately 6.8% over the corresponding period of last year. The increase in revenue was mainly due to the increase in sales of pressure vessels, aquarium products and provision of inspection services.

Cost of sales and gross profit

For the six months ended 30 June 2024, the Group's cost of sales amounted to approximately RMB27,732,000 (six months ended 30 June 2023: approximately RMB27,656,000). As cost control measures was in place during the six months ended 30 June 2024, the cost of sales was stable as compared to 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 2024, the Group's gross profit amounted to approximately RMB11,839,000 (six months ended 30 June 2023: approximately RMB9,391,000). The gross profit ratio was 30% for the six months ended 30 June 2024 (six months ended 30 June 2023: 25%). The increase in gross profit ratio was due to more profitable contracts were carried out for the marine fire-fighting equipment segment as compared to the corresponding period of last year.

Other revenue and income

For the six months ended 30 June 2024, the Group's other income and gains amounted to approximately RMB2,121,000 (six months ended 30 June 2023: approximately RMB1,575,000), representing an increase of approximately 35% 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.

Selling and distribution expenses

For the six months ended 30 June 2024, the Group's selling and distribution expenses amounted to approximately RMB1,794,000 (six months ended 30 June 2023: approximately RMB1,437,000), representing an increase of approximately 25% over the corresponding period of last year. The increase in selling and distributing expenses was mainly due to the increase in staff cost and transportation cost as a result of the increase in sales of aquarium products and pressure vessels during the six months ended 30 June 2024.

Administrative expenses

For the six months ended 30 June 2024, the Group's administrative expenses amounted to approximately RMB5,186,000 (six months ended 30 June 2023: approximately RMB4,912,000), 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 2024, the Group's finance costs amounted to approximately RMB160,000 (six months ended 30 June 2023: approximately RMB168,000). 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 2024, the Group's profit for the period attributable to non-controlling interests amounted to approximately RMB1,492,000 (six months ended 30 June 2023: approximately RMB735,000). The increase was mainly attributable to the increase in profits of certain non-wholly-owned subsidiaries for the six months ended 30 June 2024 as compared with the corresponding period of last year.

Profit for the period

For the six months ended 30 June 2024, the Group's profit for the period amounted to approximately RMB5,265,000 (six months ended 30 June 2023: approximately RMB2,372,000), representing an increase of 122% over the corresponding period of last year. The increase in profit for the period was primarily attributable to the increase in sales of aquarium products, inspection services and sales of pressure vessels for the six months ended 30 June 2024.

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 2023: 5% (i.e. 20% CIT rate on 25% of the 1st Assessable Profits)); and (ii) the remaining assessable profits not over RMB3,000,000 (the “Remaining Assessable Profits”) are effectively taxable at 5% (i.e. 20% CIT rate on 25% of the Remaining Assessable Profits) (six months ended 30 June 2023: 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.

Net current assets

As at 30 June 2024, the Group had current assets of approximately RMB175,746,000, based on which, the current ratio was 9.9 (31 December 2023: 12). The decrease in current ratio was due to the increase in current liabilities. The current liabilities were increased from RMB13,975,000 as at 31 December 2023 to RMB17,715,000 as at 30 June 2024 mainly attributable to the increase in other payable and accruals, trade payables and lease liabilities. Current assets as at 30 June 2024 mainly comprised of inventories of approximately RMB12,710,000 (31 December 2023: RMB8,490,000), trade and bills receivables of approximately RMB14,963,000 (31 December 2023: RMB10,231,000), prepayments, deposits and other receivables of approximately RMB5,550,000 (31 December 2023: RMB4,226,000) and cash and bank deposits of approximately RMB141,825,000 (31 December 2023: RMB143,391,000). The inventories turnover days for the period was 167 days (31 December 2023: 59 days). The turnover days was increased because of the significant increase of inventories (i.e. finished goods), which were manufactured and ready for delivery to meet the sales in the coming months. Trade and bills receivables were increased to RMB14,963,000 (31 December 2023: RMB10,231,000). As at 30 June 2024, the Group had significant concentration of credit risk as 59% (31 December 2023: no significant concentration of credit risk) of the total gross trade receivables were made up by the Group’s five largest outstanding balances. Current liabilities mainly comprised of trade payables of approximately RMB8,654,000 (31 December 2023: RMB7,425,000) and other payables and accruals of approximately RMB6,578,000 (31 December 2023: RMB4,677,000).

Borrowings

The outstanding bank borrowings of the Group were approximately RMB5,790,000 as at 30 June 2024 (31 December 2023: RMB5,790,000). On 12 December 2023, the Group entered into four banking facilities with a state-owned bank (the “Bank”) in the PRC, pursuant to which the Bank granted four revolving facilities with aggregate amount of RMB8,276,000 to the Group for 5 years until 11 December 2028. On 15 December 2023, four loans with aggregate principal amount of RMB5,790,000 were drawn down by the Group for a term of 3 years. The banking facilities are secured by the pledge of four properties of the Group.

Gearing ratio

The Group’s gearing ratio as at 30 June 2024 was 19% (31 December 2023: 19%), 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 2024, 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 2024.

As at 30 June 2024, the Group had net assets of approximately RMB169,209,000 (31 December 2023: RMB163,024,000). The Group’s operations are financed principally by internal resources, interest bearing bank borrowings and shareholders’ equity.

As at 30 June 2024 and 31 December 2023, 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 2025. None of the Facility has been drawn down as at 30 June 2024 and 31 December 2023.

Significant investments and material acquisitions and disposals

During the six months ended 30 June 2024, 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 RMB8,012,000 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 2024.

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 manufacturing of fire extinguishers are granted the Certificate 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.

The turnover for the six months ended 30 June 2024 reflects a positive trend in the Group's performance. Despite the decrease in sales of marine fire-fighting equipments, we have successfully increased sales of pressure vessels, sales of aquarium products and provision of inspection services, compared to the same period in 2023. Overall, the business results for this period lay a strong foundation for the remainder of 2024.

PROSPECT

The Company's directors believe that the prospects of the PRC economy could be promising in 2024, despite the challenging economic conditions experienced in 2023. It is crucial to take into account the potential for recovery and growth that may arise. The Company plans to explore opportunities for developing and acquiring profitable businesses. This strategy aims to enhance profitability and establish a significant presence in the manufacturing, selling, and provision of fire-fighting equipment and services in the People's Republic of China.

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

As at 30 June 2024, 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”) of the Stock Exchange, 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 2024, 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 2024, 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 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 2024.

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 2024 had a material interest, whether directly or indirectly, subsisted at 30 June 2024 or at any time during the six months ended 30 June 2024.

EMPLOYEES

As at 30 June 2024, the Group had 89 employees (30 June 2023: 89 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 2024, 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 2024 (six months ended 30 June 2023: 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 2024.

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

Shanghai, 23 August 2024

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.