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 2019

* *For identification purpose only*

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED

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

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

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

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

Independent Non-Executive Directors

Mr. 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

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 2019. For the six months ended 30 June 2019, the unaudited revenue is approximately RMB37,390,000, representing an increase of approximately RMB6,382,000 or approximately 21% as compared with that of the same period in 2018. Loss attributable to owners of the Company was approximately RMB1,055,000 for the six months ended 30 June 2019 while the loss attributable to owners of the Company was approximately RMB2,079,000 for the corresponding period in 2018.

The unaudited condensed consolidated financial statements of the Group for the three months and six months ended 30 June 2019 together with the unaudited comparative figures for the corresponding periods in 2018 are as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

		Unaudited Three months ended 30 June		**Unaudited Six months ended 30 June**	
		2019	2018	**2019**	2018
	Notes	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Revenue	*4*	**18,799**	15,142	**37,390**	31,008
Cost of sales		**(14,228)**	(10,887)	**(29,702)**	(23,605)
Gross profit		**4,571**	4,255	**7,688**	7,403
Other income and gains	*4*	**160**	80	**499**	480
Selling and distribution expenses		**(672)**	(712)	**(1,387)**	(1,311)
Administrative expenses		**(2,979)**	(3,518)	**(6,739)**	(7,803)
Finance cost		**(43)**	–	**(77)**	(5)
Profit/(loss) before tax	*5*	**1,037**	105	**(16)**	(1,236)
Income tax expense	*6*	**(181)**	(526)	**(227)**	(617)
Profit/(loss) for the period and total comprehensive profit/(loss) for the period		**856**	(421)	**(243)**	(1,853)
Attributable to:					
Owners of the Company		**175**	(717)	**(1,055)**	(2,079)
Non-controlling interests		**681**	296	**812**	226
		856	(421)	**(243)**	(1,853)
Earnings/(loss) per share attributable to ordinary equity holders of the Company	*8*				
— Basic *(RMB cent(s))*		**0.09**	(0.38)	**(0.56)**	(1.11)
— Diluted *(RMB cent(s))*		**0.09**	(0.38)	**(0.56)**	(1.11)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**Unaudited as at 30 June 2019** *RMB'000*	Audited as at 31 December 2018 *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**12,741**	13,059
Right-of-use assets		**1,720**	–
Investment properties		**23,510**	23,510
Prepaid land lease payments		**104**	106
Goodwill	*9*	**4,211**	4,211
Intangible assets		**1,125**	1,215
Total non-current assets		**43,411**	42,101
CURRENT ASSETS			
Inventories		**16,614**	13,889
Trade and bills receivables	*10*	**17,501**	17,471
Prepayments, deposits and other receivables		**3,668**	3,996
Contract assets		**106**	137
Due from related companies		**–**	783
Cash and cash equivalents		**26,245**	29,668
Total current assets		**64,134**	65,944
CURRENT LIABILITIES			
Trade payables	*11*	**7,782**	8,208
Other payables and accruals		**3,759**	4,547
Contract liabilities		**1,475**	1,550
Lease liabilities		**1,303**	–
Due to the immediate holding company	*12*	**906**	906
Due to non-controlling interests		**1,451**	1,451
Due to a related company		**2,798**	2,798
Tax payables		**–**	271
Total current liabilities		**19,474**	19,731
NET CURRENT ASSETS		**44,660**	46,213
TOTAL ASSETS LESS CURRENT LIABILITIES		**88,071**	88,314

	Notes	Unaudited as at 30 June 2019 RMB'000	Audited as at 31 December 2018 RMB'000
TOTAL ASSETS LESS CURRENT LIABILITIES		**88,071**	88,314
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**5,453**	5,453
Total non-current liabilities		**5,453**	5,453
Net assets		**82,618**	82,861
EQUITY			
Equity attributable to owners of the Company			
Paid up capital		**18,743**	18,743
Reserves		**61,971**	63,026
		80,714	81,769
Non-controlling interests		**1,904**	1,092
Total equity		**82,618**	82,861

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company									
	Issued capital *RMB'000*	Share premium* *RMB'000*	Capital reserve* *RMB'000*	Statutory reserve fund* *RMB'000*	Discretionary common reserve fund* *RMB'000*	Asset revaluation reserve* *RMB'000*	Accumulated losses* *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
Six months ended 30 June 2019										
Balance at 1 January 2019	**18,743**	**10,910**	**43,655**	**6,936**	**1,500**	**11,299**	**(11,274)**	**81,769**	**1,092**	**82,861**
Profit/(loss) for the period and total comprehensive income/(loss) for the period	**–**	**–**	**–**	**–**	**–**	**–**	**(1,055)**	**(1,055)**	**812**	**(243)**
Balance at 30 June 2019	**18,743**	**10,910**	**43,655**	**6,936**	**1,500**	**11,299**	**(12,329)**	**80,714**	**1,904**	**82,618**
Six months ended 30 June 2018										
Balance at 1 January 2018	18,743	10,910	43,655	6,786	1,500	11,299	(7,730)	85,163	44	85,207
Profit/(loss) for the period and total comprehensive income/(loss) for the period	–	–	–	–	–	–	(2,079)	(2,079)	226	(1,853)
Balance at 30 June 2018	18,743	10,910	43,655	6,786	1,500	11,299	(9,809)	83,084	270	83,354

* These reserve accounts comprise the consolidated reserves of approximately RMB61,971,000 (30 June 2018: RMB64,341,000) in the condensed consolidated statement of financial position.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
Net cash flows used in operating activities	**(2,750)**	(2,642)
Net cash flows used in investing activities	**–**	(183)
Net cash flows used in financing activities	**(673)**	–
Net decrease in cash and cash equivalents	**(3,423)**	(2,825)
Cash and cash equivalents at beginning of period	**29,668**	23,358
Cash and cash equivalents at end of period	**26,245**	20,533

Notes:

1. GENERAL

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

On 30 June 2004, 55,560,000 new H shares in the Company were issued and listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

During the period, the Group's principal activities are set out in note 3.

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

2. PRINCIPAL ACCOUNTING POLICIES

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

Other than the adoption of the accounting policies and the new and 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 2018.

(A) New and revised IFRSs

In the current interim period, the Group has adopted, for the first time, the following new and revised standards and interpretations (the "new and revised IFRSs") published by the IASB which are effective for up to the accounting year ending 31 December 2019:

IFRS 16	Leases
IFRIC-Int 23	Uncertainty over Income Tax Treatments
Amendments to IFRS 9	Prepayment Features with Negative Compensation
Annual Improvements 2015–2017 Cycle	Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23

Except for IFRS 16, Leases, none of these new and revised IFRSs have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

IFRS 16 Leases

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Group is the lessor.

The Group has applied IFRS 16 for the first time as of 1 January 2019, using the modified retrospective approach. The cumulative effect of the initial application of IFRS 16 was recognised as an adjustment to the opening balance of accumulated losses as at 1 January 2019. The comparative information were not restated and continues to be reported under IAS 17 and related interpretations. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date (i.e. 1 January 2019), have a lease term of 12 months or less and do not contain a purchase option ("short-term leases"), and lease contracts for which the underlying asset is of low value ("low-value assets").

Set out below are the amounts by which each consolidated financial statement line item was affected as at 1 January 2019 as a result of the adoption of IFRS 16:

	Increase/ (decrease) *RMB'000*
Assets	
Right-of-use assets	2,117
Prepayments, other receivables and other assets	(141)
	1,976
Liabilities	
Lease liabilities	1,976

The adoption of IFRS 16 has had no material impact on the statement of profit or loss and other comprehensive income or on the Group's operating, investing and financing cash flows for the year ended 31 December 2018.

(a) Nature of the effect of adoption of IFRS 16

The Group has lease contracts for land and properties. Before the adoption of IFRS 16, the Group classified each of its leases (as lessee) at the inception date as an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Group; otherwise it was classified as an operating lease. In an operating lease, the leased property was not capitalised and the lease payments were recognised as rent expense in the statement of profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under prepayments and accruals, respectively.

Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases that it is the lessee, except for short-term leases and leases of low-value assets. The Group recognised lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

In the context of the transition to IFRS 16, right-of-use assets of RMB2,117,000 and lease liabilities of RMB1,976,000 were recognised as at 1 January 2019. The following table presents the reconciliation of lease liabilities as of 1 January 2019:

	RMB'000
Operating lease commitments disclosed as at 31 December 2018	2,570
Discounted using the lessee's incremental borrowing rate of at the date of initial application	1,986
Less: short-term leases recognised on a straight-line basis as expense	(10)
Leases liabilities as at 1 January 2019	1,976

The weighted-average incremental borrowing rate for lease liabilities initially recognised as of 1 January 2019 was approximately 6%.

(b) Summary of new accounting policies

Set out below are the new accounting policies of the Group upon adoption of IFRS 16:

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of properties (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

(c) Amounts recognised in the statement of financial position and profit or loss

Set out below, are the carrying amounts of the Group's right-of-use assets and lease liabilities and the movements during the period:

	Right-of-use assets – Land and properties *RMB'000*	**Lease liabilities** *RMB'000*
As at 1 January 2019	2,117	1,976
Prepaid rental made at or before the commencement date	(141)	–
Depreciation expense	(256)	–
Interest expense	–	42
Payments	–	(715)
As at 30 June 2019	1,720	1,303

Set out below, are the amounts recognised in profit or loss:

	For the six months ended 30 June 2019 *RMB'000*
Depreciation expense of right-of-use assets	256
Interest expense on lease liabilities	42
Rent expense — short-term leases	39
Total amounts recognised in profit or loss	337

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

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these consolidated financial statements:

Amendment to IFRS 3	Definition of a Business [2]
Amendments to IAS 1 and IAS 8	Definition of Material [1]

[1] Effective for annual periods beginning on or after 1 January 2020

[2] Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020

The Group is in the process of assessing the impact of these standards, amendments and interpretations on the consolidated financial statements of the Group. The adoption of the above is not expected to have a material impact on the consolidated financial statements 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 seven reportable operating segments as follows:

(i) Fire-fighting equipment segment — manufacture and sale of pressure vessels (including fire-fighting equipment products and pressure vessels products);

(ii) Inspection services segment — provision of fire technology inspection services;

(iii) Grooved couplings segment — manufacture and trading of iron casted grooved couplings (which has remained dormant during the period);

(iv) Trading segment — trading of sanitary-ware and other products and commission income;

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

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

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

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit/(loss) before tax except that interest income and finance costs, as well as head office and corporate expenses are excluded from such measurement.

The Group operates principally in the PRC. Over 90% of the Group's revenue is derived from sales of goods and rendering of services in the PRC and over 90% of the Group's assets are located in the PRC. Accordingly, no further disclosures by reportable segments based on geographical segment were made.

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

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

Six months ended 30 June 2019
(Unaudited)

	Fire fighting equipment *RMB'000*	Marine fire-fighting *RMB'000*	Inspection services *RMB'000*	Aquarium products *RMB'000*	Grooved couplings *RMB'000*	Trading *RMB'000*	Property investment *RMB'000*	Total *RMB'000*
Segment revenue:								
Sales/services provided to external customers	22,192	3,237	4,231	7,730	–	–	–	37,390
Gross rental income	–	–	–	–	–	–	–	–
	22,192	3,237	4,231	7,730	–	–	–	37,390
Segments results	(2,158)	(99)	479	1,829	–	–	–	51
Reconciliation:								
Interest income								18
Income from investment products								–
Finance costs								(77)
Corporate and unallocated expenses								(8)
Loss before tax								(16)
Segment assets	52,645	8,717	8,734	10,678	–	3,261	23,510	107,545
Unallocated assets								–
Total assets								107,545
Segment liabilities	10,017	2,222	1,003	1,077	–	–	–	14,319
Unallocated liabilities								10,608
Total liabilities								24,927
Capital expenditure*	–	–	–	–	–	–	–	–
Depreciation and amortisation	657	–	71	178	–	–	–	906

Six months ended 30 June 2018
(Unaudited)

	Fire fighting equipment *RMB'000*	Marine fire-fighting *RMB'000*	Inspection services *RMB'000*	Aquarium products *RMB'000*	Grooved couplings *RMB'000*	Trading *RMB'000*	Property investment *RMB'000*	Total *RMB'000*
Segment revenue:								
Sales/services provided to external customers	16,479	4,016	5,698	4,793	–	22	–	31,008
Gross rental income	–	–	–	–	–	–	–	–
	16,479	4,016	5,698	4,793	–	22	–	31,008
Segments results	(3,663)	327	1,236	1,182	–	5	–	(913)
Reconciliation:								
Interest income								21
Corporate and unallocated expenses								(344)
Loss before tax								(1,236)
Segment assets	51,365	8,202	10,768	7,579	–	8,571	23,270	109,755
Unallocated assets								–
Total assets								109,755
Segment liabilities	9,669	2,969	1,907	635	–	550	–	15,730
Unallocated liabilities								10,671
Total liabilities								26,401
Capital expenditure*	51	–	–	119	–	–	–	170
Depreciation and amortisation	523	–	99	229	–	–	–	851

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

Information about a major customer

For the six months ended 30 June 2019 and 2018, there was no revenue from sales to any single external customer that contributed over 10% of the Group's total revenue.

4. REVENUE, OTHER INCOME AND GAINS

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

	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	2019	2018	**2019**	2018
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Revenue from contracts with customers:				
Sale of pressure vessels	**10,956**	7,263	**22,192**	16,479
Inspection service fees	**2,055**	3,095	**4,100**	5,138
Commission income on trading of sanitary-ware and other products	**–**	22	**–**	22
Sale of aquarium products	**4,938**	2,609	**7,730**	4,793
Sale of marine fire-fighting equipment	**850**	1,915	**3,237**	4,016
Marine fire-fighting equipment inspection fees	**–**	238	**131**	560
	18,799	15,142	**37,390**	31,008

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	
	2019	2018	**2019**	2018
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Type of goods or services				
Sales of goods	**16,744**	11,787	**33,159**	25,378
Inspection services	**2,055**	3,333	**4,231**	5,698
Commission income from trading of goods	**–**	22	**–**	22
	18,799	15,142	**37,390**	31,008
Geographical markets				
PRC	**14,287**	12,274	**29,301**	27,375
European Union	**4,512**	2,868	**8,089**	3,633
	18,799	15,142	**37,390**	31,008
Timing of revenue recognition				
Goods transferred at a point in time	**16,744**	11,809	**33,159**	25,310
Services transferred over time	**2,055**	3,333	**4,231**	5,698
	18,799	15,142	**37,390**	31,008
Revenue from contracts with customers				
External customers	**18,799**	15,142	**37,390**	31,008
Other income and gains				
Interest income	**8**	11	**18**	21
Sales of scraps	**87**	69	**255**	76
Government Grant	**65**	–	**226**	383
Total other income and gains	**160**	80	**499**	480

5. PROFIT/(LOSS) BEFORE TAX

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

	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	2019	2018	**2019**	2018
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Amortisation of prepaid land lease payment	**1**	1	**2**	2
Amortisation of intangible assets	**45**	45	**90**	90
Depreciation on property, plant and equipment	**280**	446	**560**	759
Depreciation on right-of-use assets	**128**	–	**256**	–
Interest on lease liabilities included in financial costs	**20**	–	**43**	–
Staff costs	**4,054**	4,100	**8,100**	8,246
Auditors' remuneration	**–**	–	**–**	–

6. INCOME TAX

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong during the six months ended 30 June 2019 (six months ended 30 June 2018: Nil).

Under the Corporate Income Tax Law, the corporate income tax ("CIT") rate is calculated at a rate of 25% (six months ended 30 June 2018: 25%) on the Group's estimated assessable profits for the six months ended 30 June 2019.

Under the Corporate Income Tax Law, the CIT rate applicable to small-scale enterprises with low profitability that meet certain conditions shall be reduced to 20%. Four (six months ended 30 June 2018: four) of the Company's subsidiaries and a branch of a subsidiary have been designated as a small-scale enterprise and were subject to the concessionary CIT rates of 10% of assessable profits (i.e. 20% on the 50% assessable profits), for the six months ended 30 June 2019 and 2018.

	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	2019	2018	**2019**	2018
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Current tax — PRC				
Provision for the period	**181**	526	**227**	617

For the six months ended 30 June 2019, the unrecognised deferred tax assets in respect of tax benefits from unrecognised tax losses of the Group is approximately RMB665,000 (six months ended 30 June 2018: approximately RMB996,000). The Group did not have any material unprovided deferred tax for the six months ended 30 June 2019 and 2018 as the temporary differences are immaterial.

7. DIVIDEND

No dividend have been paid or declared by the Group during the six months ended 30 June 2019 (six months ended 30 June 2018: Nil).

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

The calculation of the earnings per share for the three months ended 30 June 2019 is based on the profit attributable to ordinary equity holders of the Company of approximately RMB175,000 (three months ended 30 June 2018: loss of approximately RMB717,000), and on the number of 187,430,000 (30 June 2018: 187,430,000) ordinary shares in issue during the period.

The calculation of the loss per share for the six months ended 30 June 2019 is based on the loss attributable to ordinary equity holders of the Company of approximately RMB1,055,000 (six months ended 30 June 2018: loss of approximately RMB2,079,000), and on the number of 187,430,000 (30 June 2018: 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 2019 and 2018 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during those periods.

9. GOODWILL

	RMB'000
At 1 January 2018	
Cost	4,211
Accumulated impairment	–
Net carrying amount at 31 December 2018	4,211
At 31 December 2018 (audited)	
Cost	4,211
Accumulated impairment	–
Net carrying amount	4,211
At 30 June 2019 (unaudited)	
Cost	4,211
Accumulated impairment	–
Net carrying amount	4,211

10. TRADE AND BILLS RECEIVABLES

	Unaudited 30 June 2019	Audited 31 December 2018
	RMB'000	*RMB'000*
Trade receivables	**18,068**	18,041
Less: Allowance for credit losses	**(1,483)**	(1,483)
	16,585	16,558
Bills receivable	**925**	913
	17,510	17,471

The Group's trading terms with its customers are mainly on credit, expect for new customers, where payment in advance is normally required. The credit period is generally two months, extending up to half year for major customers. The Group's trading terms for marine fire-fighting equipment installation and inspection business, which generally has credit terms up to 2 years, due to the long production period of vessel. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables in order to minimise credit risk. Overdue balances are reviewed regularly by senior management. Trade receivables are non-interest-bearing.

An aged analysis of the trade receivables as at 30 June 2019, based on the invoice date, is as follows:

	Unaudited 30 June 2019	Audited 31 December 2018
	RMB'000	*RMB'000*
Within 1 month	**2,556**	5,367
1 to 2 months	**2,718**	1,877
2 to 3 months	**3,528**	2,080
3 to 6 months	**2,954**	1,919
6 to 12 months	**2,559**	2,513
1 to 2 years	**3,195**	3,715
	17,510	17,471

11. TRADE PAYABLES

An aged analysis of the trade payables as at 30 June 2019, based on the invoice date, is as follows:

	Unaudited 30 June 2019 *RMB'000*	Audited 31 December 2018 *RMB'000*
Within 1 month	**1,828**	2,243
1 to 2 months	**1,448**	1,146
2 to 3 months	**1,657**	771
Over 3 months	**2,849**	4,048
	7,782	8,208

12. DUE TO THE IMMEDIATE HOLDING COMPANY

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

As at 30 June 2019 and 31 December 2018, 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 2020. The Facility could be extended at the discretion of Liancheng for another two years. As at 30 June 2019 and 31 December 2018, the Facility has not been drawn down.

13. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases its properties to independent third parties under operating leases arrangements with the leases negotiated for terms for 2 years. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rent adjustment according to the then prevailing market conditions.

At 30 June 2019, the Group had total future minimum lease receivable under non-cancellable operating leases with its tenant falling due as follows:

	Unaudited 30 June 2019 *RMB'000*	Audited 31 December 2018 *RMB'000*
Within one year	**300**	300
In the second to fifth years, inclusive	**125**	275
	425	575

(b) As lessee

The Group leases certain land and buildings from independent third parties under operating lease arrangements. Leases for land and properties are negotiated for terms ranging from 1 to 20 years.

At 31 December 2018, the Group had total future minimum lease payments under non-cancellable operating leases with its owners falling due as follows:

	Audited 31 December 2018 *RMB'000*
Within one year	650
In the second to fifth years, inclusive	1,340
After five years	580
	2,570

The Group is the lessee in respect of a number of land and properties held under leases which were previously classified as operating leases under IAS 17. The Group has initially applied IFRS 16 using the modified retrospective approach. Under this approach, the Group adjusted the opening balances at 1 January 2019 to recognise lease liabilities relating to these leases (see note 2). From 1 January 2019 onwards, future lease payments are recognised as lease liabilities in the statement of financial position in accordance with the policies set out in note 2.

14. COMMITMENTS

Except for the operating lease arrangements, the Group did not have any significant capital and other commitments at the end of the reporting period.

15. RELATED PARTY TRANSACTIONS

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

	Unaudited Three months ended 30 June		**Unaudited Six months ended 30 June**	
	2019	2018	**2019**	2018
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Rental expenses				
中聯城消防科技集團有限公司 (literally translated as "Zhong Lian Cheng Fire-Fighting Technology Group Company Limited", "ZLCFT")	**–**	–	**34**	–
Sales of goods				
上海聯滬消防器材有限公司 (literally translated as "Shanghai Lianhua Fire-fighting Equipment Company Limited") ("SLFE")	**–**	–	**–**	32
Inspection services income				
上海石化消防工程有限公司 (literally translated as "Shanghai Petro-Chemical Fire-Fighting Engineering Company Limited, "SPFE")	**15**	66	**32**	169

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

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

	Unaudited Three months ended 30 June		**Unaudited Six months ended 30 June**	
	2019	2018	**2019**	2018
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Fees:				
Executive directors	**–**	–	**–**	–
Independent non-executive directors	**23**	23	**45**	45
	23	23	**45**	45
Other emoluments:				
Salaries, allowances and benefits in kind	**60**	82	**120**	164
Pension scheme contributions	**–**	–	**–**	–
	60	82	**120**	164
	83	105	**165**	209

16. CONTINGENT LIABILITIES

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

BUSINESS AND FINANCIAL REVIEW

Revenue

For the six months ended 30 June 2019, the Group recorded a revenue of approximately RMB37,390,000 (six months ended 30 June 2018: RMB31,008,000), representing an increase of approximately 21% over the corresponding period of last year. The increase in revenue is mainly caused by the increase in sales of pressure vessels and increase in sale of aquarium products through internet sales.

Cost of sales and gross profit

For the six months ended 30 June 2019, the Group's cost of sales amounted to approximately RMB29,702,000 (six months ended 30 June 2018: RMB23,605,000), representing an increase of approximately 26% over the corresponding period of last year. The main components of cost of sales for the Group are cost of trading products, raw materials, mainly steel and aluminum, and labour cost.

For the six months ended 30 June 2019, the Group recorded overall gross profit of approximately RMB7,688,000 (six months ended 30 June 2018: approximately RMB7,403,000), representing a gross profit ratio of 21% comparing to 24% for the corresponding period of last year. A drop of 3 basic points in gross profit rates mainly because of price competition in selling pressure cylinders.

Other revenue and income

For the six months ended 30 June 2019, other revenue and income remained relatively stable at approximately RMB499,000 (six months ended 30 June 2018: RMB480,000).

Selling and distribution expenses

For the six months ended 30 June 2019, the Group incurred selling and distribution expenses of approximately RMB1,387,000, an increase of approximately RMB76,000 over the corresponding period of last year. Selling and distributing expenses increase due to the increase in distribution expenses in selling of aquarium products.

Administrative expenses

For the six months ended 30 June 2019, the Group's administrative expenses amounted to approximately RMB6,739,000 (six months ended 30 June 2018: RMB7,803,000), representing a decrease of approximately 14% over the corresponding period of last year. This is mainly because of continuing tight control on administrative expenses.

Finance costs

For the six months ended 30 June 2019, the Group's finance costs were RMB77,000 (six months ended 30 June 2018: RMB5,000). This is mainly comprised of interest expenses of lease liabilities and bank charges.

Non-controlling interests

For the six months ended 30 June 2019, profit for the year attributable to non-controlling interests is approximately RMB812,000 (six months ended 30 June 2018: RMB226,000). It is due to the profits in aquarium segment was shared by the non-controlling interest.

Profit/(loss) for the period

For the six months ended 30 June 2019, the Group recorded loss for the period of approximately RMB243,000 (six months ended 30 June 2018: RMB1,860,000), representing a decrease of 87%, primarily attributable to an increase in profits derived from sale of aquarium products.

Income tax

The effective tax charge rate of the Group is credit for the six months ended 30 June 2019 and 2018 due to a net loss for the period.

Net current assets

As at 30 June 2019, the Company had current assets of approximately RMB64,134,000, based on which, the current ratio was 3.3 (31 December 2018: 3.3). The current liabilities decreased from RMB19,731,000 as at 31 December 2018 to RMB19,474,000 as at 30 June 2019. The Group's net current assets remained stable.

Borrowings

The Group have no bank borrowings as at 30 June 2019 (31 December 2018: Nil).

Gearing ratio

The Group's gearing ratio as at 30 June 2019 was 30.2% (31 December 2018: 30.4%), which was expressed as a percentage of the total liabilities divided by the total equity.

Capital structure and financial resources

As at 30 June 2019, the Group had net assets of approximately RMB82,618,000 (31 December 2018: RMB82,861,000). The Group's operations are financed principally by internal sources, interest bearing bank borrowings, shareholders' borrowings and shareholders' equity.

As at 30 June 2019, the immediate holding company, Liancheng, has undertaken to provide to the Company with an unsecured interest-free shareholder's loan facility in the sum of not exceeding RMB50 million (the "Facility") for the period expiring on 30 May 2020 (31 December 2018: 30 May 2019). As at 30 June 2019 and 31 December 2018, the Facility has not been drawn down.

PROSPECT

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

Measures have been and will be implemented continuously to improve the operation efficiency and to control production costs. The Company has reduced profit margin on some products in the first quarter of 2019 in order to secure more orders but will continue to improve the profitability of the Group by increasing the operation efficiency and seeking for new business opportunities in fire-fighting industry.

Pursuant to the Letter on Confirmation of Land Redevelopment Proposal of Urban Villages located at Xin Lian Village and Mao Jia Jiao Village, Zhonggu Town, Qingpu District, Shanghai (《上海城鄉建設和管理委員會關於確認青浦區重固鎮新聯村、毛家角村"城中村"改造地塊實施方案的函》) (the "Land Zhonggu Redevelopment Proposal") issued by the Shanghai Urban-Rural Construction and Management Commission and based on the discussion between the management and the relevant government (the "PRC Government") officials, it has been confirmed that the Zhonggu Factories had been included in the Zhonggu Land Redevelopment Proposal.

On 25 December 2018, the Company has received a notice from Shanghai Qingpu District Housing Security and Housing Administration Bureau (上海市青浦區住房保障和房屋管理局) (the "Bureau"), confirming that the Zhonggu Factories are part of the state owned land resumption according to the Housing Expropriation and Compensation Regulations on State Owned Land (國有土地上房屋徵收與補償條例). On 14 March 2019, the Company has received a first draft valuation report dated 11 March 2019 (the "Report") from the Bureau. The valuation was done by Shanghai Real Estate Appraisers Co., Ltd. (上海房地產估值師事務所有限公司) selected by the Company and appointed by the Bureau. According to the Report, as at 28 January 2019 the compensation of the Zhonggu Factories, including but not limited to the land and building, is valued at RMB41,575,440. On 24 March 2019, according to relevant rules and regulations, in order to maximise the compensation for resumption of the Zhonggu Factories, the Company had logged in an objection to the Bureau against the value of the Zhonggu Factories in the Report. However, the Bureau has not yet formulated any specific schedule (other than an indicative completion date of 31 December 2019) or compensation proposal for resumption of such land parcels (including the Zhonggu Factories). The Bureau and the Company have not agreed on any special schedule or compensation proposal for resumption of the Zhonggu Factories.

The Zhonggu Factories are currently leased to a third party. Therefore, the resumption of the Zhonggu Factories has no material impact on the daily operation of the Group.

In 2017, the Company's subsidiary, Shanghai Yuanfeng Pressure Cylinder Co. Ltd. (上海元奉高壓容氣有限公司) ("Yuanfeng"), received a notice from Shanghai Fengxian District Nanqiao Town Collection Management Office (《奉賢區南橋鎮徵收管理辦公室》), certain leased land and buildings are included in the land redevelopment plan. It is confirmed that the factory leased by Yuanfeng is included in the land redevelopment plan. However, the government has not yet formulated any specific schedule or compensation proposal for resumption. The production in Yuanfeng has been moved to its fellow subsidiaries and there is no material impact on the daily operations of the Group.

LONG TERM STRATEGY

We believe that the Company, with experienced management team, firm and clear development directions, ability to manufacture quality products and provision of quality services, will be able to sharpen the competitive edge. The Company will continue to develop new market of higher-margin products/businesses and consolidate manufacturing plants to increase profitability. The Company will also prudently consider acquiring relevant enterprises which possess sound profitability by way of capital increment in accordance with the relevant laws and regulations in order to accelerate the growth of our profitability so that the Company will become a major enterprise in the manufacturing, sale of fire-fighting equipment and fire fighting service provider in the PRC.

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

As at 30 June 2019, the interests and short positions of the Directors and supervisors of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the minimum standards of dealing by directors as referred to in Rule 5.46 of the Rules Governing the Listing of Securities on the GEM (the "GEM Listing Rules"), were as follows:

Long positions in shares of the Company

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

Note:

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

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

Save as disclosed above, as at 30 June 2019, 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 2019, the following persons, other than Directors and supervisors of the Company, had an interests and a short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

Long positions in shares of the Company

Name	Capacity	Number of shares	Approximate percentage of Share capital total registered
Liancheng Fire-Fighting Group Company Limited *(Note 3)*	Beneficial owner	131,870,000 *(Note 1)*	70.36%
	Held by controlled corporation	1,300,000 *(Note 2)*	0.69%
Zhejiang Hengtai Real Estate Joint Stock Co., Ltd.	Held by controlled corporation	131,870,000 *(Note 1)*	70.36%
	Held by controlled corporation	1,300,000 *(Note 2)*	0.69%

Notes:

1. All represent domestic shares of the Company.

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

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

3. On 12 January 2017, the board of directors of the Company was notified that, an aggregate of 131,870,000 domestic shares of the Company (the "Pledged Shares") held by Liancheng have been pledged in favour of an independent third party (the "Lender") as a security for a loan amount of RMB198,000,000 provided by the Lender to Liancheng (the "2017 Loan"). The Pledged Shares will be released if Liancheng makes a partial repayment amounting to RMB63,000,000 to the Lender. Relevant shares pledge registration procedures have been completed with China Securities Depository and Clearing Corporation Limited. As of 12 January 2017 and the date of this 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 2019.

DIRECTORS' AND SUPERVISORS' INTERESTS IN CONTRACTS

To the best knowledge of the Board, except for those disclosed in note 15, no contracts of significance in relation to the Company's business to which the Company was a party and in which any person who were Directors or supervisors of the Company during the six months ended 30 June 2019 had a material interest, whether directly or indirectly, subsisted at 30 June 2019 or at any time during the six months ended 30 June 2019.

EMPLOYEES

As at 30 June 2019, the Group had 217 employees (30 June 2018: 230 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 2019, 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 2019 (six months ended 30 June 2018: 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 2019.