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)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED

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

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

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

* *For the identification purpose only*

The Board hereby presents the audited consolidated final results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2020 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
Year ended 31 December 2020

	Notes	**2020** **RMB'000**	2019 *RMB'000*
Revenue	*4*	**72,517**	78,016
Cost of sales and services	*5*	**(50,636)**	(62,288)
Gross profit		**21,881**	15,728
Other income and gains	*4*	**2,879**	2,366
Selling and distribution expenses		**(1,753)**	(3,081)
Administrative expenses		**(15,037)**	(21,542)
Finance costs	*6*	**(160)**	(80)
Impairment of trade receivables, net	*13*	**(2,739)**	(3,069)
Provision for impairment of inventories	*5*	**(1,423)**	(1,699)
Profit/(Loss) before tax	*5*	**3,648**	(11,377)
Income tax expense	*7*	**(976)**	(418)
Profit/(Loss) for the year		**2,672**	(11,795)
Attributable to:			
Owners of the Company		**(1,403)**	(10,499)
Non-controlling interests		**4,075**	(1,296)
		2,672	(11,795)
LOSS PER SHARE	*8*		
Basic *(RMB cents)*		**(0.75)**	(5.60)
Diluted *(RMB cents)*		**(0.75)**	(5.60)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2020

	2020	2019
	RMB'000	*RMB'000*
PROFIT/(LOSS) FOR THE YEAR	**2,672**	(11,795)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**–**	–
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**2,672**	(11,795)
Attributable to:		
Owners of the Company	**(1,403)**	(10,499)
Non-controlling interests	**4,075**	(1,296)
	2,672	(11,795)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2020

	Notes	2020 RMB'000	2019 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	10	**8,809**	9,603
Right-of-use assets		**1,416**	1,875
Investment properties	11	**24,300**	23,570
Goodwill		**4,211**	4,211
Intangible assets		**855**	1,035
Deposits and other receivables	12	**15,086**	–
Total non-current assets		**54,677**	40,294
CURRENT ASSETS			
Inventories		**8,391**	7,954
Trade and bills receivables	13	**10,170**	15,769
Prepayments, deposits and other receivables		**4,745**	4,312
Contract assets		**–**	74
Due from related companies		**776**	776
Cash and cash equivalents		**30,596**	26,505
Total current assets		**54,678**	55,390
CURRENT LIABILITIES			
Trade payables	14	**5,769**	6,892
Other payables and accruals		**10,472**	4,485
Contract liabilities		**–**	1,165
Interest-bearing bank borrowings, secured	15	**897**	–
Lease liabilities		**623**	1,172
Due to immediate holding company	16	**906**	906
Due to non-controlling interests	16	**41**	1,451
Due to a related company	16	**2,477**	2,377
Tax payables		**572**	88
Total current liabilities		**21,757**	18,536
NET CURRENT ASSETS		**32,921**	36,854
TOTAL ASSETS LESS CURRENT LIABILITIES		**87,598**	77,148

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2020

	Notes	**2020** **RMB'000**	2019 RMB'000
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings, secured	*15*	**7,850**	–
Lease liabilities		**718**	614
Deferred tax liabilities		**5,650**	5,468
Total non-current liabilities		**14,218**	6,082
Net assets		**73,380**	71,066
EQUITY			
Equity attributable to owners of the Company			
Paid-up capital	*17*	**18,743**	18,743
Reserves		**51,124**	52,527
		69,867	71,270
Non-controlling interests		**3,513**	(204)
Total equity		**73,380**	71,066

NOTES:

1. CORPORATE AND GROUP INFORMATION

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"). The registered office of the Company is located at No. 1988, Jihe Road, Hua Xin Town, Qingpu District, Shanghai, the PRC and its principal place of business in Hong Kong is situated at Unit 2605, Island Place Tower, 510 King's Road, North Point, Hong Kong.

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

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

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

In the opinion of the directors of the Company (the "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.

Information about subsidiaries

Particulars of the subsidiaries of the Company are as follows:

Name	Place of establishment and business	Registered capital/paid-up capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
上海黎明消防檢測有限公司*+ (Shanghai Liming Fire Testing Co., Limited) ("Liming")	The People's Republic of China (The "PRC")	RMB5,000,000	90%	–	Provision of fire technology inspection services
上海鐵錨壓力容器(集團)有限公司*+ (Shanghai Anchor Pressure Vessel (Group) Limited) ("Anchor")	PRC	RMB70,000,000	90%	9%	Investment holding
上海元奉高壓容器有限公司*+ (Shanghai Yuanfeng Pressure Vessels Co., Limited) ("Yuanfeng")	PRC	RMB5,000,000	–	94.05%	Manufacturing and sales of pressure vessels

Name	Place of establishment and business	Registered capital/paid-up capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
上海元蓬國際貿易有限公司*+ (Shanghai J.S.X. International Trading Corporation)	PRC	RMB5,000,000	–	94.05%	Trading of pressure vessels and other products
上海高壓特種氣瓶有限公司*@+ (Shanghai Pressure Special Gas Cylinder Co., Limited) ("Special Cylinder")	PRC	RMB19,170,000	–	59.4%	Manufacturing and sales of pressure vessels
上海安航海上消防設備有限公司*+ (Shanghai An Hang Marine Fire-Fighting Equipment Co., Limited) ("Shanghai An Hang")	PRC	RMB5,000,000	90%	9%	Sales of marine fire-fighting equipment and provision of related installation and inspection services
上海荻野生物科技有限公司*+ (Shanghai Ogino Biotechnology Co., Limited) ("Shanghai Ogino")	PRC	RMB4,000,000	–	44.1%^	Sales of aquarium products
寧波荻野生物科技有限公司*+ (Ningbo Ogino Biotechnology Co., Limited) ("Ningbo Ogino")	PRC	RMB1,000,000	–	44.1%^	Sales of aquarium products

* Ascenda Cachet CPA Limited is not the statutory auditor of these subsidiaries.

+ These subsidiaries are registered as limited liability companies in the PRC.

@ Pursuant to the supplemental agreement entered into by Anchor and the non-controlling interest (上海洋涇工業公司 (literally translated as Shanghai Yangjing Industrial Co., "Yangjing")), 54% and 46% of the net profit of Special Cylinder would be shared by Anchor and Yangjing, respectively.

^ Shanghai Ogino and Ningbo Ogino are classified as subsidiaries of the Group by virtue of the Company's control over them.

2.1 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") (which include all International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations) promulgated by the International Accounting Standards Board ("IASB"). The consolidated financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the GEM (the "GEM Listing Rules") of the Stock Exchange. They have been prepared under the historical cost convention, except for investment properties, which have been measured at fair value.

The consolidated financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated. RMB is the Group's functional and presentation currency.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2020. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGE IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the Conceptual Framework for Financial Reporting 2018 and the following revised IFRSs for the first time for the current year's consolidated financial statements:

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

The nature and the impact of the Conceptual Framework for Financial Reporting 2018 and the revised IFRSs are described below:

(a) Conceptual Framework for Financial Reporting 2018 (the "Conceptual Framework") sets out a comprehensive set of concepts for financial reporting and standard setting, and provides guidance for preparers of financial statements in developing consistent accounting policies and assistance to all parties to understand and interpret the standards. The Conceptual Framework includes new chapters on measurement and reporting financial performance, new guidance on the derecognition of assets and liabilities, and updated definitions and recognition criteria for assets and liabilities. It also clarifies the roles of stewardship, prudence and measurement uncertainty in financial reporting. The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The Conceptual Framework did not have any significant impact on the financial position and performance of the Group.

(b) Amendments to IFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 January 2020. The amendments did not have any significant impact on the financial position and performance of the Group.

(c) Amendments to IFRS 9, IAS 39 and IFRS 7 address issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative risk-free rate ("RFR"). The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the introduction of the alternative RFR. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any significant impact on the financial position and performance of the Group as the Group does not have any interest rate hedging relationships.

(d) Amendments to IAS 1 and IAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those consolidated financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. The amendments did not have any significant impact on the financial position and performance of the Group.

2.3 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.

Amendments to IFRS 3	Reference to the Conceptual Framework[3]
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform 2[2]
Amendments to IFRS 10 and IAS 28 (2011)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
Amendment to IFRS 16	Covid-19-Related Rent Concessions[1]
IFRS 17	Insurance Contracts[4]
Amendments to IFRS 17	Insurance Contracts[4,7]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[4,6]
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use[3]
Amendments to IAS 37	Onerous Contracts — Cost of Fulfilling a Contract[3]
Annual Improvements to IFRSs 2018–2020	Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41[3]

1 Effective for annual periods beginning on or after 1 June 2020
2 Effective for annual periods beginning on or after 1 January 2021
3 Effective for annual periods beginning on or after 1 January 2022
4 Effective for annual periods beginning on or after 1 January 2023
5 No mandatory effective date yet determined but available for adoption
6 As a consequence of the amendments to IAS 1, International Interpretation 5 Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause was revised in October 2020 to align the corresponding wording with no change in conclusion
7 As a consequence of the amendments to IFRS 17 issued in October 2020, IFRS 4 was amended to extend the temporary exemption that permits insurers to apply IAS 39 rather than IFRS 9 for annual periods beginning before 1 January 2023

Further information about those IFRSs that are expected to be applicable to the Group is described below:

Amendments to IFRS 3 are intended to replace a reference to the previous Framework for the Preparation and Presentation of Financial Statements with a reference to the Conceptual Framework for Financial Reporting issued in June 2018 without significantly changing its requirements. The amendments also add to IFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying IFRS 3 should refer to IAS 37 or IFRIC-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group expects to adopt the amendments prospectively from 1 January 2022. Since the amendments will apply prospectively to business combinations for which the acquisition date is on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative RFR. The Phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of IFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy. The amendments are effective for annual periods beginning on or after 1 January 2021 and shall be applied retrospectively, but entities are not required to restate the comparative information.

The Group had certain interest-bearing bank borrowings denominated in Renminbi and based on the prime rate of the National Interbank Funding Center (全國銀行間同業拆借中心) as at 31 December 2020. If the interest rates of these borrowings are replaced by RFRs in a future period, the Group will apply this practical expedient upon the modification of these borrowings when the "economically equivalent" criterion is met and expects that no significant modification gain or loss will arise as a result of applying the amendments to these changes.

Amendments to IFRS 10 and IAS 28 (2011) address an inconsistency between the requirements in IFRS 10 and in IAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 (2011) was removed and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

Amendment to IFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective for annual periods beginning on or after 1 June 2020 with earlier application permitted and shall be applied retrospectively.

Amendments to IAS 1 clarify the requirements for classifying liabilities as current or non-current. The amendments specify that if an entity's right to defer settlement of a liability is subject to the entity complying with specified conditions, the entity has a right to defer settlement of the liability at the end of the reporting period if it complies with those conditions at that date. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. The amendments also clarify the situations that are considered a settlement of a liability. The amendments are effective for annual periods beginning on or after 1 January 2023 and shall be applied retrospectively. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's consolidated financial statements.

Amendments to IAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss. The amendments are effective for annual periods beginning on or after 1 January 2022 and shall be applied retrospectively only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the consolidated financial statements in which the entity first applies the amendments. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's consolidated financial statements.

Amendments to IAS 37 clarify that for the purpose of assessing whether a contract is onerous under IAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual periods beginning on or after 1 January 2022 and shall be applied to contracts for which an entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments. Earlier application is permitted. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening equity at the date of initial application without restating the comparative information. The amendments are not expected to have any significant impact on the Group's consolidated financial statements.

Annual Improvements to IFRSs 2018–2020 sets out amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41. Details of the amendments that are expected to be applicable to the Group are as follows:

- *IFRS 9 Financial Instruments:* clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual periods beginning on or after 1 January 2022. Earlier application is permitted. The amendment is not expected to have a significant impact on the Group's consolidated financial statements.

- *IFRS 16 Leases:* removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying IFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying IFRS 16.

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 — 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 in office building and industrial properties for its rental income potential; 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/(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, gain on disposal of property, plant and equipment, government grant, and income from investment products as well as head office and corporate expenses are excluded from such measurement.

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

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

Year ended 31 December 2020

	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 *(note 4)***:**							
Sales/services provided to external customers	19,028	25,944	9,752	12,652	–	400	67,776
Gross rental income	–	–	–	–	4,741	–	4,741
	19,028	25,944	9,752	12,652	4,741	400	72,517
Segments results	(10,106)	5,247	(179)	3,051	5,150	47	3,210
Interest income							46
Income from investment products							490
Gain on disposal of property, plant and equipment							169
Government grant							585
Corporate and unallocated income							828
Corporate and unallocated expenses							(1,680)
Profit before tax							3,648
Segment assets	15,023	23,084	8,628	3,140	28,759	125	78,759
Unallocated assets							30,596
Total assets							109,355
Segment liabilities	8,972	10,557	2,657	1,463	1,711	–	25,360
Unallocated liabilities							10,615
Total liabilities							35,975
Capital expenditure*	155	–	–	–	288	–	443
Impairment of trade receivables, net	1,929	–	680	–	–	130	2,739
Provision for impairment of inventories	1,423	–	–	–	–	–	1,423
Depreciation and amortisation	735	372	–	315	34	–	1,456

* Capital expenditure consists of additions to property, plant and equipment and right-of-use assets.

Year ended 31 December 2019

	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 *(note 4)*:							
Sales/services provided to external customers	41,107	17,585	8,673	9,849	–	–	77,214
Gross rental income	–	–	–	–	802	–	802
	41,107	17,585	8,673	9,849	802	–	78,016
Segments results	(13,091)	2,606	316	1,633	862	(3,389)	(11,063)
Interest income							29
Income from investment products							427
Government grant							579
Corporate and unallocated income							216
Corporate and unallocated expenses							(1,565)
Loss before tax							(11,377)
Segment assets	25,577	8,171	7,888	3,336	24,042	166	69,180
Unallocated assets							26,504
Total assets							95,684
Segment liabilities	6,164	2,323	2,901	1,979	–	–	13,367
Unallocated liabilities							11,251
Total liabilities							24,618
Capital expenditure*	439	166	–	–	–	–	605
Provision for impairment of inventories	1,699	–	–	–	–	–	1,699
Impairment of trade receivables, net	(320)	–	–	–	–	3,389	3,069
Depreciation and amortisation	868	481	–	321	–	–	1,670

* Capital expenditure consists of additions to property, plant and equipment and right-of-use assets.

Geographical information

(a) Revenue from external customers

	2020	2019
	RMB'000	*RMB'000*
The PRC	**55,962**	63,280
European countries	**16,555**	8,799
Other countries	**–**	5,937
	72,517	78,016

(b) Non-current assets

Non-current assets are principally located in the PRC.

Information about major customers

Revenue from customers contributing over 10% of the total revenue are as follows:

	2020	2019
	RMB'000	*RMB'000*
Customer A*	**10,908**	N/A[#]
Customer B**	**10,842**	N/A[#]
Customer C*	**9,494**	N/A[#]
	31,244	N/A

* Revenue from aquarium products segment.

** Revenue from fire-fighting equipment segment.

[#] The corresponding revenue from such customer did not contribute 10% or more of the Group's total revenue for the year ended 31 December 2019.

For the year ended 31 December 2019, there was no revenue from sales to any single external customer that contributed over 10% of the Group's total revenue.

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2020	2019
	RMB'000	*RMB'000*
Revenue from contracts with customers:		
Sales of pressure vessels	**19,028**	41,107
Sales of aquarium products	**25,944**	17,585
Sales of marine fire-fighting equipment	**9,752**	8,673
Inspection services fee	**12,652**	9,849
Trading of other products	**400**	–
	67,776	77,214
Revenue from other sources:		
Gross rental income	**4,741**	802
	72,517	78,016

Other income and gains

	2020	2019
	RMB'000	*RMB'000*
Interest income	**46**	29
Income from investment products	**490**	427
Gain on disposal of property, plant and equipment	**169**	–
Sales of scraps	**31**	178
Fair value gain on investment properties *(note 11)*	**730**	60
Exchange gains, net	**–**	107
Government grant	**585**	579
Write-back of other payables and amount due to a related company	**–**	770
Others	**828**	216
Total other income and gains	**2,879**	2,366

5. PROFIT/(LOSS) BEFORE TAX

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

	Notes	**2020** *RMB'000*	2019 *RMB'000*
Cost of inventories sold		**42,090**	55,418
Cost of services provided		**8,546**	6,870
		50,636	62,288
Depreciation of right-of-use assets		**747**	641
Amortisation of intangible assets*		**180**	180
Depreciation of property, plant and equipment	*10*	**529**	849
Lease payments not included in the measurement of lease liabilities		**13**	65
Auditor's remuneration:			
Assurance services		**969**	1,052
Other services		**21**	14
		990	1,066
Provision for impairment of inventories		**1,423**	1,699
Write off of property, plant and equipment		**138**	–
Impairment of trade receivables	*13*	**2,739**	3,389
Reversal of impairment of trade receivables	*13*	**–**	(320)
Provision for litigations	*10(a)*	**2,000**	–
Employee benefits expenses (including directors' and supervisors' remuneration):			
Wages and salaries		**10,483**	13,312
Redundancy payment		**–**	3,749
Pension scheme contributions		**842**	2,936
		11,325	19,997
Exchange losses/(gains), net		**126**	(107)
(Gain)/Loss on disposal of property, plant and equipment		**(169)**	1,533
Fair value gain on investment properties	*11*	**(730)**	(60)
Interest income		**(46)**	(29)
Income from investment products		**(490)**	(427)

* The amortisation of patents and trademark for the year are included in "administrative expenses" in the consolidated statement of profit or loss.

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2020	2019
	RMB'000	*RMB'000*
Interest on lease liabilities	**61**	80
Interest on bank borrowings, secured	**99**	–
	160	80

7. INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made as the Group has no assessable profits arising in Hong Kong during the year ended 31 December 2020 (2019: Nil).

Under the Corporate Income Tax Law, the corporate income tax ("CIT") rate applicable to small-scale enterprises with low profitability that meet certain conditions and the assessable profits not more than RMB3,000,000, shall be reduced to 20%. Seven (2019: Six) of the Company's subsidiaries have been designated as a small-scale enterprise, pursuant to which, (i) the first RMB1,000,000 of assessable profits of these subsidiaries is subject to the concessionary CIT rate of 5% (i.e. 20% on the 25% assessable profits); and (ii) the remaining assessable profits not over RMB3,000,000 is subject to the concessionary CIT rate of 10% of assessable profits (i.e. 20% on the 50% assessable profits).

Under the Corporate Income Tax Law, the CIT for other companies in the Group is calculated at a rate of 25% (2019: 25%) on the estimated assessable profits for the year ended 31 December 2020.

	2020	2019
	RMB'000	*RMB'000*
Current — the PRC:		
Charge for the year	**768**	401
Under-provision in prior year	**26**	2
	794	403
Deferred tax	**182**	15
Total tax charge for the year	**976**	418

8. LOSS PER SHARE

The calculation of basic loss per share amounts is based on the loss for the year attributable to ordinary equity holders of the Company of RMB1,403,000 (2019: RMB10,499,000) and the number of ordinary shares of 187,430,000 (2019: 187,430,000) in issue during the year.

No adjustment has been made to the basic loss per share amounts for the years ended 31 December 2020 and 2019 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during these years.

9. DIVIDEND

The Directors do not recommend the payment of any dividend for the year ended 31 December 2020 (2019: Nil).

10. PROPERTY, PLANT AND EQUIPMENT

	Buildings *RMB'000*	Machinery *RMB'000*	Furniture, fixtures and computer equipment *RMB'000*	Motor vehicles *RMB'000*	Total *RMB'000*
31 December 2020					
At 1 January 2020:					
Cost	**10,231**	**9,915**	**2,477**	**2,419**	**25,042**
Accumulated depreciation	**(2,055)**	**(8,997)**	**(2,103)**	**(2,284)**	**(15,439)**
Net carrying amount	**8,176**	**918**	**374**	**135**	**9,603**
At 1 January 2020, net of accumulated depreciation	**8,176**	**918**	**374**	**135**	**9,603**
Additions	**–**	**31**	**124**	**–**	**155**
Writte off	**–**	**(85)**	**(44)**	**(9)**	**(138)**
Disposals	**–**	**(273)**	**–**	**(9)**	**(282)**
Depreciation provided during the year *(note 5)*	**(253)**	**(121)**	**(114)**	**(41)**	**(529)**
At 31 December 2020, net of accumulated depreciation	**7,923**	**470**	**340**	**76**	**8,809**
At 31 December 2020:					
Cost	**10,231**	**4,260**	**2,206**	**2,081**	**18,778**
Accumulated depreciation	**(2,308)**	**(3,790)**	**(1,866)**	**(2,005)**	**(9,969)**
Net carrying amount	**7,923**	**470**	**340**	**76**	**8,809**

	Buildings *RMB'000*	Machinery *RMB'000*	Furniture, fixtures and computer equipment *RMB'000*	Motor vehicles *RMB'000*	Total *RMB'000*
31 December 2019					
At 1 January 2019:					
Cost	10,056	33,428	3,019	2,496	48,999
Accumulated depreciation	(1,816)	(29,203)	(2,654)	(2,267)	(35,940)
Net carrying amount	8,240	4,225	365	229	13,059
At 1 January 2019, net of accumulated depreciation	8,240	4,225	365	229	13,059
Additions	175	267	163	–	605
Disposals	–	(3,133)	(43)	(36)	(3,212)
Depreciation provided during the year *(note 5)*	(239)	(441)	(111)	(58)	(849)
At 31 December 2019, net of accumulated depreciation	8,176	918	374	135	9,603
At 31 December 2019:					
Cost	10,231	9,915	2,477	2,419	25,042
Accumulated depreciation	(2,055)	(8,997)	(2,103)	(2,284)	(15,439)
Net carrying amount	8,176	918	374	135	9,603

The buildings together with the leasehold land are situated in the PRC under medium term leases.

Notes:

(a) Certain of the Group's machineries and buildings (the "Machineries and Buildings") were situated on land and buildings (including certain buildings (the "Leased Property With Certificate") with area of 2,729m^2 with land use rights certificate while certain buildings (the "Leased Property Without Certificate") with area of 4,902.3m^2 without land use rights certificate, (collectively, the "Leased Properties"), which were previously owned by the former immediate holding company, 上海華盛企業(集團)有限公司 (literally translated as "Shanghai Huasheng Enterprises (Group) Co., Ltd. ("Huasheng")). While the Leased Properties had been pledged to secure bank loans granted by a bank (the "Bank") to Huasheng in March 2005. Huasheng had granted a lease (the "Original Tenancy") to use of the Leased Properties to the Company at annual rental of approximately RMB246,000 in October 2008. In May 2012, the Bank put the Leased Properties into auction (the "Auction"). The Leased Properties were acquired by the current landlord (the "Current Landlord", an independent third party) on 9 May 2013.

In 2015, the Current Landlord filed a suit (the "First Legal Case") in the Qingpu District People's Court ("青浦區人民法院") (the "Court") against the Company in respect of (i) requesting the Company to move out from the Leased Property With Certificate; and (ii) paying rental expenses for the period from 9 May 2013 to 8 May 2015 for the use of the Leased Property With Certificate as the Current Landlord was of the view that the Original Tenancy was not legally valid because the Original Tenancy was entered into between Huasheng and the Company without consent by the Bank or subsequently rectified by the Current Landlord. In 2016, the Court decided that (i) the Company has to move out from the Leased Property With Certificate within 10 days of the civil judgment; and (ii) the Company has to pay the related rental expenses for the period from 9 May 2013 to the date having moved out from the Leased Property With Certificate. The Company moved out from the Leased Property With Certificate on 11 July 2017 as well as settlement of the rent up to 31 December 2016. After having moved out from the Leased Property With Certificate, the Current Landlord filed an execution requisition (the "Execution Requisition") to the Court in respect of, inter alia, requesting the Company to move out those Machineries and Buildings from the remaining parts of the Leased Property With Certificate. In 2019, the remaining rental expenses of approximately RMB254,000 for the period from 1 January 2017 to 11 July 2017 (the date moved out from the Leased Property With Certificate) was settled after offsetting the construction costs of RMB150,000 of the Second Legal Case mentioned below. The Execution Requisition was still in progress as at 31 December 2020 and the date of approving the consolidated financial statements.

In October 2016, the Company filed a suit (the "Second Legal Case") with the Court against the Current Landlord for recovering the construction costs of the underground facilities and the buildings (the "Counter-claimed Constructions") as the Company was of the view that (i) the Counter-claimed Constructions were constructed by the Company with the approval of Huasheng and therefore belonged to the Company; and (ii) the Counter-claimed Constructions had been excluded from the First Legal Case and the Auction. However, the valuer appointed by the Court cannot assess the status of the Counter-claimed Constructions and the Second Legal Case was withdrawn by the Company. After collection of more evidences, the Company filed a suit with the Court against the Current Landlord for the Counter-claimed Constructions again with the same view of the Second Legal Case. In 2018, the court judged that the Current Landlord has to pay for the construction costs of the underground facilities to the Company for the amount of RMB150,000. The construction costs have been offset by the Company upon the settlement of the rental expenses of the First Legal Case in 2019.

Although the Company already moved out from the Leased Property With Certificate in accordance with the Court order in the First Legal Case, the Current Landlord filed another suit (the "Third Legal Case") with the Court against the Company in December 2020 in respect of (i) requesting the Company to move out from the Leased Property Without Certificate; and (ii) paying land use fees for the period from 27 February 2015 up to the date moved out from the Leased Property Without Certificate.

The Company has engaged a lawyer to prepare the relevant evidence to respond and defence the Third Legal Case vigorously. The Company recognised an expense of RMB2,000,000 (note 5) for the provision of the litigations and relevant professional fee.

For the above, the Directors are of the opinion that the Group has made sufficient provisions after seeking preliminary opinion from its PRC legal adviser and, the Company will, in accordance with the applicable laws, make every effort to protect the interests of the Company and the shareholders, proactively respond to the cases and defend its position vigorously.

11. INVESTMENT PROPERTIES

	2020	2019
	RMB'000	*RMB'000*
Carrying amount at 1 January	**23,570**	23,510
Net gain from a fair value adjustment *(notes 4 and 5)*	**730**	60
Carrying amount at 31 December	**24,300**	23,570

The investment properties as at 31 December 2019 and 2020 represented industries properties located at 740 and 777 Zhonggu Street, Zhonggu Town, Qingpu District, Shanghai, the PRC (中國上海市青浦區重固鎮重固大街740及777號) (the "Zhonggu Factories") under a medium term lease.

The fair value of the Zhonggu Factories was assessed by Asset Appraisal Limited, an independent professional valuer (the "Valuer"), at an amount RMB24,300,000 as at 31 December 2020. The gain on fair value adjustment of RMB730,000 (2019: RMB60,000) is recognised in the consolidated statement of profit or loss for the year.

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 Land Zhonggu Redevelopment Proposal.

On 25 December 2018, the Company 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 received a first draft valuation report 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. However, the Company did not satisfy with the value of compensation. The Company had logged in an objection to the Bureau against the value of the Zhonggu Factories in the first draft valuation report.

On 25 May 2019, certain rechecking valuation reports (the "Second Report") of investment properties done by Shanghai Real Estate Appraisers Co., Ltd. was issued to the Company by the Bureau. However, the Company did not satisfy with the value of compensation.

As the Company considered that there were a series of disputes during the valuation procedures, including improper land resumption procedures, incorrect size of Zhonggu Factories and improper rehousing arrangements, the Company filed a suit in Shanghai Second Intermediate People's Court (上海市第二中級人民法院) against Shanghai Qingpu District People's Government (上海市青浦區人民政府) seeking for revoking the land resumption compensation decision in December 2019. There was no further development during the year ended 31 December 2020.

The Bureau and the Company have not agreed on any special schedule or compensation proposal for resumption of the Zhonggu Factories as at the date of this announcement.

12. DEPOSITS AND OTHER RECEIVABLES

Included in deposits and other receivables are deposits of RMB12,817,000 (2019: Nil) paid for acquiring certain properties, details of which are set out in note 18 to this announcement.

13. TRADE AND BILLS RECEIVABLES

	2020	2019
	RMB'000	*RMB'000*
Trade receivables	**11,979**	16,528
Less: Allowance for credit losses	**(2,716)**	(1,163)
	9,263	15,365
Bills receivables	**907**	404
	10,170	15,769

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. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

An aging analysis of the trade and bills receivables as at the end of reporting period, based on the invoice date, is as follows:

	2020	2019
	RMB'000	*RMB'000*
Within 1 month	**4,585**	2,930
1 to 2 months	**1,967**	3,002
2 to 3 months	**801**	1,248
3 to 6 months	**1,692**	6,306
6 to 12 months	**399**	1,878
Over 1 year	**726**	405
	10,170	15,769

The movements in the allowance for credit loss of trade receivables are as follows:

	2020	2019
	RMB'000	*RMB'000*
At 1 January	**1,163**	1,483
Impairment losses *(note 5)*	**2,739**	3,389
Reversal of impairment losses *(note 5)*	**–**	(320)
	2,739	3,069
	3,902	4,552
Amounts written off as uncollectible	**(1,186)**	(3,389)
At 31 December	**2,716**	1,163

14. TRADE PAYABLES

An aging analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2020	2019
	RMB'000	*RMB'000*
Within 1 month	**2,585**	2,113
1 to 2 months	**496**	1,991
2 to 3 months	**261**	303
Over 3 months	**2,427**	2,485
	5,769	6,892

15. INTEREST-BEARING BANK BORROWINGS, SECURED

	Effective interest rate	Maturity	**2020**	2019
			RMB'000	RMB'000
Bank borrowings *(note (a))*	Prime rate +0.25%	2030	**8,747**	–
Less: Bank borrowings classified as non-current portion			**(897)**	–
Bank borrowings classified as current portion			**7,850**	–
Analysed into:				
bank borrowings repayable:				
Within one year			**897**	–
In the second year			**897**	–
In the third to fifth years, inclusive			**2,691**	–
Over five years			**4,262**	–
			8,747	–

Note (a):

On 25 September 2020, the Group entered into certain loan agreements (the "Loan Agreements") with a state-owned bank (the "Bank") in the PRC, pursuant to which, the Group was granted six loans (the "Loans") by the Bank with an aggregate principal amount of RMB8,971,700 for a term of 10 years for the settlement of part of the consideration for the acquisition of the Tian Yi Properties. The Loans are secured by (i) corporate guarantees given by the Developer, which will be released upon the completion and the transfer of the Tian Yi Properties to the Group; and (ii) pledge of the Tian Yi Properties. The Loans bear interest at prime rate of the National Interbank Funding Center (全國銀行間同業拆借中心) plus 0.25% and are repayable by 120 monthly installments since September 2020.

16. DUE TO IMMEDIATE HOLDING COMPANY, NON-CONTROLLING INTERESTS AND A RELATED COMPANY

The amounts due to immediate holding company, non-controlling interests and a related company are unsecured, interest-free and have no fixed terms of repayment.

The shareholder of the related company is one of the directors of the Company.

As at 31 December 2020, the immediate holding company, Liancheng, has undertaken to provide to the Company with an unsecured interest-free shareholder's loan facility in the sum of not exceeding RMB50 million (the "Facility") for the period expiring on 30 May 2022 (2019: 30 May 2021). As at 31 December 2020 and 2019, the Facility had not been drawn down.

17. PAID UP CAPITAL

	2020	2019
	RMB'000	*RMB'000*
Registered, issued and fully paid:		
131,870,000 unlisted domestic shares ("Domestic Shares") of RMB0.10 each	**13,187**	13,187
55,560,000 overseas listed foreign shares ("H Shares") of RMB0.10 each	**5,556**	5,556
	18,743	18,743

18. COMMITMENTS

On 14 July 2020, the Group entered into certain agreements to acquire six properties, located at 天億健康產業園 in CiXi, Zhejiang Province of the PRC at an aggregate consideration of RMB12,817,000. As the consideration had been fully paid as deposits as at 31 December 2020, the Group did not have any significant capital commitment as at the end of the reporting period.

19. LITIGATIONS

As detailed in notes 10(a) and 11 to this announcement, the Group involved in certain litigations as at 31 December 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the year ended 31 December 2020, the Group recorded a revenue of approximately RMB72,517,000 (year ended 31 December 2019: RMB78,016,000), representing a decrease of approximately 7% over last year mainly because of (i) prevention and control of the Coronavirus Disease 2019 ("COVID-19") being taken place during which most of the business activities have been suspended; (ii) the termination of operation of two factories by end of 2019 leading to the significant decrease in sales of pressure vessels and (iii) the Company's subsidiary, 上海高壓特種氣瓶有限公司 (literally translated as "Shanghai Pressure Special Gas Cylinder Co., Ltd.", "Special Cylinder"), has leased a vacated factory for 15 years providing stable rental income for the Group which partly offset the negative results mentioned in (i) and (ii) above.

GROSS PROFIT

For the year ended 31 December 2020, the Group recorded overall gross profit of approximately RMB21,881,000 (year ended 31 December 2019: RMB15,728,000). The gross profit ratio is approximately 30% and 20% for the years ended 31 December 2020 and 2019 respectively. The increase in gross profit ratio is mainly due to rental income gained from a vacated factory leased out for rent.

OTHER INCOME AND GAINS

Other income and gains increased from at approximately RMB2,366,000 for the year ended 31 December 2019 to approximately RMB2,879,000 for the year ended 31 December 2020 because of the fair value gain on investment properties.

SELLING AND DISTRIBUTION EXPENSES

For the year ended 31 December 2020, the Group's selling and distribution expenses decreased to approximately RMB1,753,000 from RMB3,081,000, representing an decrease of 43% over the corresponding period of last year. This is mainly due to a decrease in sale of pressure vessels.

ADMINISTRATIVE EXPENSES

For the year ended 31 December 2020, the Group's administrative expenses amounted to approximately RMB15,037,000, (year ended 31 December 2019: approximately RMB21,542,000), representing a decrease of 30%. The decrease is mainly due to (i) the termination of operation of two factories by end of 2019 leading to non-recurrence of such expenses in 2020; and (ii) operation suspended because of COVID-19 epidemic leading to less expenses in 2020.

FINANCE COSTS

Finance costs for the year ended 31 December 2020 of RMB160,000 (year ended 31 December 2019: RMB80,000) included (i) interest on bank borrowings, secured of RMB99,000 (year ended 31 December 2019: RMBNil); and (ii) interest on lease liabilities of RMB61,000 (year ended 31 December 2019: RMB80,000).

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 year (2019: Nil).

Under the Corporate Income Tax Law, the corporate income tax ("CIT") rate applicable to small-scale enterprises with low profitability that meet certain conditions and the assessable profits not more than RMB3,000,000 shall be reduced to 20%. Seven of the Company's subsidiaries (2019: Six) have been designated as a small-scale enterprise, pursuant to which, (i) the first RMB1,000,000 of assessable profits of these subsidiaries is subject to the concessionary CIT rate of 5% of assessable profits (i.e. 20% on the 25% assessable profits); and (ii) the remaining assessable profits not over RMB3,000,000 is subject to the concessionary CIT rate of 10% of assessable profits (i.e. 20% on the 50% assessable profits).

Under the Corporate Income Tax Law, the CIT for other companies in the Group is calculated at a rate of 25% (2019: 25%) on the Group's estimated assessable profits for the year ended 31 December 2020.

The effective tax rate of the Group is 27% for the year ended 31 December 2020 (year ended 31 December 2019: (4)%). It is due to the loss in certain subsidiaries, which are not allowed to offset assessable profits arising from other subsidiaries of the Group.

The increase in income tax expenses mainly attributable to six subsidiaries which were generated assessable profits in 2020 (2019: two subsidiaries).

NON-CONTROLLING INTERESTS

For the year ended 31 December 2020, profit for the year attributable to non-controlling interests is approximately RMB4,075,000 (year ended 31 December 2019: loss of RMB1,296,000).

LOSS ATTRIBUTABLE TO THE OWNERS OF THE COMPANY

For the year ended 31 December 2020, the Group recorded loss for the year attributable to the owners of the Company of approximately RMB1,403,000 (year ended 31 December 2019: RMB10,499,000). The decrease in loss was primarily attributable to profit from sale of aquarium products and decrease in administrative expenses.

NET CURRENT ASSETS

As at 31 December 2020, the Group had current assets of approximately RMB54,678,000, based on which, the current ratio was 2.5 (31 December 2019: 3.0). The decrease was mainly caused by a decrease in trade and bills receivables. The current liabilities increased from RMB18,536,000 as at 31 December 2019 to RMB21,757,000 as at 31 December 2020 mainly attributable to increase in other payables and accruals. Current assets as at 31 December 2020 mainly comprised inventories of approximately RMB8,391,000 (31 December 2019: RMB7,954,000), trade and bills receivables of approximately RMB10,170,000 (31 December 2019: RMB15,769,000), prepayments, deposits and other receivables of approximately RMB4,745,000 (31 December 2019: RMB4,312,000) and cash and bank deposits of approximately RMB30,596,000 (31 December 2019: RMB26,505,000). The inventories turnover days for the year is 58 days (2019: 47 days). The increase is mainly because of the stock clearance sale started in fourth quarter of 2019 and finished in early 2020. Trade and bills receivables decreased by 36% mainly because of a decrease in sales. Current liabilities mainly comprised trade payables of approximately RMB5,769,000 (31 December 2019: RMB6,892,000), the decrease was due to a decrease in production of fire-fighting equipment. Other payables and accruals increased by 133% to approximately RMB10,472,000 (31 December 2019: RMB4,485,000). The increase is mainly due to rental deposit received from the vacated factory leased out for rent.

GEARING RATIO

The Group's gearing ratio as at 31 December 2020 was 49% (31 December 2019: 35%), which was expressed as a percentage of the total liabilities divided by the total equity. The increase was mainly attributable to an increase in other payables and accruals.

SIGNIFICANT INVESTMENTS AND MATERIAL ACQUISITIONS AND DISPOSALS

In July 2020, the Group entered into certain sale and purchase agreements with an independent third party, pursuant to which, the Group acquired six properties (the "Tian Yi Properties") located at 天億健康產業園 in Ci Xi, Zhejiang Province of the PRC at an aggregate consideration of approximately RMB12,817,000. The Tian Yi Properties are still under development and have not been completed at the date of this announcement. Except for this acquisition, there was no significant investment and material acquisition and disposal during the year ended 31 December 2020.

CHARGE ON ASSETS OF THE GROUP

As detailed in note 15 to this announcement, the interest-bearing bank borrowings are pledged by the Tian Yi Properties, whereby deposits of RMB12,817,000 have been paid by the Group as at 31 December 2020.

COMMITMENTS

Please refer the details of commitments to note 18 to this announcement.

LITIGATION

Please refer the details of litigation to notes 10(a), 11 and 19 to this announcement.

CAPITAL STRUCTURE AND FINANCIAL RESOURCES

As at 31 December 2020, the Group had net assets of approximately RMB73,380,000 (31 December 2019: RMB71,066,000). The Group's operations are financed principally by internal sources, shareholders' borrowings, interest-bearing bank borrowings, secured and shareholders' equity.

As at 31 December 2020, the immediate holding company, Liancheng, has undertaken to provide to the Company with an unsecured interest-free shareholder's loan facility in the sum of not exceeding RMB50 million (the "Facility") for the period expiring on 30 May 2022 (2019: 30 May 2021). As at 31 December 2020 and 2019, the Facility has not been drawn down.

EMPLOYEES

As at 31 December 2020, the Group had 133 employees (2019: 125 employees). The increase is mainly due to new employed staff to fill the casual vacancy. 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 Group is required to make contributions to a defined contribution retirement scheme for all qualified employees in the PRC. The Group has, in compliance with relevant local government regulations, made payment for such scheme during the year. The Group has no obligation for the payment of other retirement and non-retirement benefits of employees other than the contributions described above.

The Group 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 Group's relationship with its employees to be good.

BUSINESS REVIEW

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

Since the outbreak of the Coronavirus Disease 2019 ("COVID-19"), the prevention and control of the COVID-19 has been going on throughout China. Facing the epidemic situation, the Group, while cooperating with the government to fight the epidemic situation, actively took measures to avoid the economic loss of the Group. In the first half of 2020, due to COVID-19, the Group had promoted employees' home office and network office and maintained close contact with suppliers and customers and had minimal business activities because of the epidemic. However, with the help of Special Cylinder leasing out the entire factory which reduces overhead costs and provides stable income, the impact was reduced. In the second half of 2020, a subsidiary of the Company, 上海荻野生物科技有限公司 (literally translated "Shanghai Ogino Biotechnology Co., Limited", "Shanghai Ogino"), entered into certain agreements (the "Transaction") to purchase 6 properties with a total building area of approximately 3,233 sq. m., located at 天億健康產業園 (literally translated as "Tian Yi Health Industrial Park") (the "Properties"), in Ci Xi, Zhejiang Province of the PRC, for an aggregate consideration of approximately RMB12,817,000 (the "Purchase Consideration"). The Purchase Consideration was fully paid by Shanghai Ogino's internal resources and by bank borrowings in the PRC.

PROSPECT

The recent launch of various COVID-19 vaccines may provide protection and should have a positive effect to the economy. Together with change in business strategies since 2019 and all the follow up work done in 2020 by the Company, we believe we can sharpen our competitive edge and further improve our result. With a new production plant in the Properties expected to be completed in 2021, sale of aquarium products could be boosted further because of better production capacity and better corporate image to attract new customers. The Company will also prudently consider acquiring relevant enterprises which possess sound profitability by way of capital increment in accordance with the relevant laws and regulations in order to accelerate the growth of our profitability so that the Company will become a major enterprise in the manufacturing, sale of fire-fighting equipment and fire fighting service provider in the PRC.

SHARE CAPITAL

There is no change in registered, issued and fully paid capital of the Company during the year.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association or the laws of the PRC which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

The Company and its subsidiaries did not purchase, redeem or sell any of the Company's listed securities during the year.

EQUITY-LINKED AGREEMENT

No equity-linked agreement was entered by the Company during the year.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

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.

AUDIT COMMITTEE

Pursuant to Rule 5.28 of the GEM Listing Rules, the Company has set up an audit committee. In compliance with Rule 5.29 of the GEM Listing Rules, the authority and responsibility of the audit committee have been properly written out. The audit committee for the year 2020 comprises of Yang Chun Bao, Wang Guo Zhong and Song Zi Zhang, who are independent non-executive Directors. Yang Chun Bao possess appropriate professional qualification and financial experience.

SCOPE OF WORK OF AUDITORS

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2020 have been agreed by the Group's auditors, Ascenda Cachet CPA Limited ("Ascenda Cachet"), to the amounts set out in the Group's consolidated financial statements for the year ended 31 December 2020. The work performed by Ascenda Cachet in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Ascenda Cachet on the preliminary announcement.

ANNUAL REPORT

The annual report of the Group for the year ended 31 December 2020 will be despatched to its shareholders and published on the websites of Hong Kong Exchanges and Clearing Limited (www. hkexnews.hk) and the Company (www.shanghaiqingpu.com) as soon as practicable.

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

Shanghai, 25 March 2021

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Zhou Jin Hui, Mr. Shi Hui Xing and Mr. Zhou Guo Ping; and three independent non-executive Directors, namely, Mr. Wang Guo Zhong, Mr. Yang Chun Bao and Mr. Song Zi Zhang.

This announcement, for which the Directors collectively and individually accept full responsibilities, includes particulars given in compliance with 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.

This announcement remain on the "Latest Company Announcements" page of GEM website at www.hkgem.com for at least 7 days from the date of its posting and on the website of the Company at www. shanghaiqingpu.com.