



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 2025**

**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.

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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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2025

		2025	2024
	Notes	RMB'000	RMB'000
Revenue	7	92,374	84,460
Cost of sales and service provided		<u>(68,067)</u>	<u>(59,392)</u>
Gross profit		24,307	25,068
Other income, other gains or losses, net	8	4,688	2,296
Selling and distribution costs		(3,942)	(3,581)
Administrative expenses		(20,372)	(14,555)
Finance costs	9	<u>(74)</u>	<u>(234)</u>
Profit before income tax	10	4,607	8,994
Income tax (expense) credit	11	<u>(3,283)</u>	<u>874</u>
Profit for the year		<u>1,324</u>	<u>9,868</u>
Profit/(loss) for the year attributable to:			
— Owners of the Company		(4,076)	4,350
— Non-controlling interests		<u>5,400</u>	<u>5,518</u>
		<u>1,324</u>	<u>9,868</u>
(LOSS)/EARNINGS PER SHARE			
Basic and diluted (RMB)	15	<u>(2.17) cents</u>	<u>2.32 cents</u>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

For the year ended 31 December 2025

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Profit for the year	1,324	9,868
Other comprehensive income		
<i>Items that may be reclassified subsequently to profit or loss, net of tax</i>		
Revaluation surplus regarding upon transfer from property, plant and equipment at cost to investment properties at fair value	<u>4,085</u>	<u>—</u>
Total comprehensive income for the year	<u>5,409</u>	<u>9,868</u>
Total comprehensive income for the year attributable to:		
— Owners of the Company	9	4,350
— Non-controlling interests	<u>5,400</u>	<u>5,518</u>
	<u>5,409</u>	<u>9,868</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2025

	<i>Notes</i>	2025 RMB'000	2024 <i>RMB'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment	<i>16</i>	17,087	18,557
Investment properties	<i>17</i>	7,000	–
Right-of-use assets	<i>18(a)</i>	475	1,094
Goodwill	<i>19</i>	2,320	2,320
Intangible assets	<i>20</i>	–	135
Deposits and other receivables	<i>23</i>	88,625	1,625
Term deposits	<i>25</i>	20,854	–
Deferred tax assets	<i>30</i>	–	21
		<u>136,361</u>	<u>23,752</u>
CURRENT ASSETS			
Inventories	<i>21</i>	8,935	9,558
Trade receivables	<i>22</i>	22,913	15,627
Prepayments, deposits and other receivables	<i>23</i>	2,374	4,365
Amount due from a related company	<i>24</i>	–	698
Cash and cash equivalents	<i>25</i>	38,317	148,426
		<u>72,539</u>	<u>178,674</u>
CURRENT LIABILITIES			
Trade payables	<i>26</i>	9,080	7,067
Other payables and accruals	<i>27</i>	5,955	4,529
Amount due to immediate holding company	<i>28</i>	906	906
Amounts due to non-controlling shareholders of subsidiaries	<i>28</i>	41	41
Lease liabilities	<i>18(b)</i>	645	1,083
Tax payables		1,498	173
		<u>18,125</u>	<u>13,799</u>
Net Current Assets		<u>54,414</u>	<u>164,875</u>
Total Assets less Current Liabilities		<u>190,775</u>	<u>188,627</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2025

	<i>Notes</i>	2025 RMB'000	2024 <i>RMB'000</i>
NON-CURRENT LIABILITIES			
Bank borrowings	29	–	5,790
Lease liabilities	18(b)	291	408
Deferred tax liabilities	30	9,723	8,486
		<u>10,014</u>	<u>14,684</u>
NET ASSETS			
		<u>180,761</u>	<u>173,943</u>
CAPITAL AND RESERVES			
Share capital	31	18,743	18,743
Reserves		133,197	131,797
		<u>151,940</u>	<u>150,540</u>
Equity Attributable to Owners of the Company			
Non-controlling interests		<u>28,821</u>	<u>23,403</u>
TOTAL EQUITY			
		<u>180,761</u>	<u>173,943</u>

The consolidated financial statements on pages 2 to 91 were approved and authorised for issue by the Board of Directors on 27 March 2026 and are signed on its behalf by:

Zhou Jin Hui
Executive Director

Shi Hui Xing
Executive Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

	Attributable to owners of the Company									Total equity RMB'000
	Share capital RMB'000 (Note 31)	Share premium* RMB'000 (Note (i))	Capital reserves* RMB'000 (Note (ii))	Statutory reserve fund* RMB'000 (Note (iii))	Discretionary common reserve fund* RMB'000 (Note (iv))	Asset revaluation reserve* RMB'000 (Note (v))	Retained profits* RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	
As at 1 January 2024	18,743	10,910	45,143	11,014	1,500	-	57,902	145,212	17,812	163,024
Profit for the year	-	-	-	-	-	-	4,350	4,350	5,518	9,868
Other comprehensive income	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	-	4,350	4,350	5,518	9,868
Fair value of land use right granted by shareholder and non-controlling interests (see note 35(c))	-	-	984	-	-	-	-	984	856	1,840
Acquisition of non-controlling interest	-	-	(6)	-	-	-	-	(6)	(607)	(613)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(176)	(176)
Transfer (from) to statutory reserve fund	-	-	-	559	-	-	(559)	-	-	-
As at 31 December 2024	18,743	10,910	46,121	11,573	1,500	-	61,693	150,540	23,403	173,943
As at 1 January 2025	18,743	10,910	46,121	11,573	1,500	-	61,693	150,540	23,403	173,943
(Loss)/Profit for the year	-	-	-	-	-	-	(4,076)	(4,076)	5,400	1,324
Other comprehensive income	-	-	-	-	-	4,085	-	4,085	-	4,085
Total comprehensive income for the year	-	-	-	-	-	4,085	(4,076)	9	5,400	5,409
Fair value of property and land use right granted by shareholder and non-controlling interests (see note 35(c))	-	-	1,391	-	-	-	-	1,391	1,211	2,602
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(1,193)	(1,193)
As at 31 December 2025	18,743	10,910	47,512	11,573	1,500	4,085	57,617	151,940	28,821	180,761

* These reserve accounts comprise the consolidated reserves of approximately RMB133,197,000 (2024: RMB131,797,000) in the consolidated statement of financial position.

Notes:

(i) **Share premium**

The share premium represents the amount subscribed for share capital in excess of nominal value.

(ii) **Capital reserves**

	Waiver of amount due to immediate holding company RMB'000	Other reserves RMB'000	Total RMB'000
As at 1 January 2024	26,867	18,276	45,143
Changes on capital reserves, net	–	978	978
As at 31 December 2024 and 1 January 2025	26,867	19,254	46,121
Increase in capital reserves	–	1,391	1,391
As at 31 December 2025	<u>26,867</u>	<u>20,645</u>	<u>47,512</u>

Other reserves represent the net amount of the following:

- (a) A deficit of approximately of RMB1,733,000 arose from the conversion of the Company from a limited liability company into a joint stock limited liability company on 1 December 2000 pursuant to a shareholders' resolution in October 2000. The Company's registered and issued share capital was RMB13,187,000, divided into 131,870,000 Domestic Shares of RMB0.10 each, and was credited as fully paid by capitalising all the Company's then paid-in capital and reserves, calculated based on the Company's PRC GAAP financial statements.
- (b) The deficit of approximately RMB1,733,000 represents the excess of the net assets of the Company calculated based on its PRC GAAP financial statements over that calculated based on its consolidated financial statements prepared under IFRS Accounting Standards when the conversion took place in 2000. Such excess was resulted from a transfer of equity capital between investors of Shanghai Qingpu Fire-Fighting Equipment Factory in 1996, the Company's property, plant and equipment was revalued, and a revaluation surplus of approximately RMB1,733,000 was recorded as paid-in capital in its PRC GAAP financial statements. In the Group's consolidated financial statements prepared under IFRS Accounting Standards, all property, plant and equipment was stated at historical cost. Accordingly, an adjustment of the same amount was recorded as a deficit of capital reserve.
- (c) The credit balance of approximately RMB18,521,000 arose from the acquisition of Anchor and its subsidiaries (the "Anchor Group") from Liancheng (the immediate holding company) which was considered by the Directors as business combination under common control of Liancheng and represents the difference between (i) the consideration paid by the Company to Liancheng and (ii) the net assets of the Anchor Group at the date of 11 April 2011 (being the acquisition date of the Anchor Group by Liancheng).

Notes: (Continued)

(ii) Capital reserves (Continued)

- (d) The credit balance of approximately RMB2,472,000 being the fair value of the shareholder's contribution by granting a land use right to a subsidiary at nil consideration.
- (e) The deficit of approximately RMB6,000 arose from the Group's acquisition of the remaining equity interest of a subsidiary from the non-controlling interest.

(iii) Statutory reserve fund

According to the PRC regulations and the relevant Articles of Association, each of the Company and its subsidiaries established in the PRC is required to transfer 10% of its respective profit after tax, as determined under the PRC accounting standards and regulations, to statutory reserve fund until the fund reaches 50% of the respective companies' registered capital. The transfer to this reserve must be made before distributing dividends to the respective companies' shareholders.

The statutory reserve fund can be used to make up for previous years' losses, if any. It may be converted into share capital by issuing new shares to the respective companies' shareholders in proportion to their existing shareholdings or by increasing the par value of the shares currently held by them, provided that the balance after such issue is not less than 25% of the registered capital.

(iv) Discretionary common reserve fund

Each of the Company and its subsidiaries established in the PRC may, at its discretion and subject to approval of its respective shareholders, transfer its retained earnings balance to its discretionary common reserve fund. The usage of discretionary common reserve fund is similar to that of the statutory reserve fund.

(v) Asset revaluation reserve

The asset revaluation reserve represents the net increase in the fair value of the Group's owner-occupied properties arising from revaluation, including surplus recognised in other comprehensive income upon transfer to investment property in accordance with IAS 16 and IAS 40.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	2025 RMB'000	2024 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profits before income tax	4,607	8,994
Adjustments for:		
Finance costs	74	234
Depreciation of property, plant and equipment	1,679	1,270
Depreciation of right-of-use assets	424	547
Amortisation of intangible assets	135	180
Impairment of goodwill	–	1,891
Gain on termination of lease contracts	(5)	(15)
Loss on disposal of property, plant and equipment	11	–
Fair value of property and land use right granted by shareholder and non-controlling interests (see note 35(c))	2,602	1,840
Impairment loss recognised for trade receivables	1,927	92
Interest income	(1,727)	(2,284)
Realised gains on financial assets at fair value through profit or loss	–	(1,001)
OPERATING CASH FLOWS BEFORE MOVEMENTS IN WORKING CAPITAL	9,727	11,748
Changes in inventories	623	(1,068)
Changes in trade receivables	(9,213)	(5,488)
Changes in prepayments, deposits and other receivables	1,991	(591)
Changes in trade payables	2,013	(358)
Changes in other payables and accruals	1,250	(148)
CASH FLOWS FROM OPERATION	6,391	4,095
Income tax paid	(1,885)	(674)
NET CASH GENERATED FROM OPERATING ACTIVITIES	4,506	3,421

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)*For the year ended 31 December 2025 (Continued)*

	2025	2024
	RMB'000	RMB'000
INVESTING ACTIVITIES		
Interest received	1,727	2,284
Purchase of property, plant and equipment	(1,774)	(797)
Net proceeds from disposal of financial assets at fair value through profit or loss	–	1,001
Placement of term deposits	(20,854)	–
Repayment from a related company	698	–
Prepayment for acquisition of Target Group	(87,000)	–
	<hr/>	<hr/>
NET CASH (USED IN) GENERATED FROM INVESTING ACTIVITIES	(107,203)	2,488
	<hr/>	<hr/>
FINANCING ACTIVITIES		
Repayment of secured bank borrowings	(5,790)	–
Repayment of lease liabilities	(382)	(519)
Interest paid	(47)	(179)
Dividends paid to non-controlling interests	(1,193)	(176)
	<hr/>	<hr/>
NET CASH USED IN FINANCING ACTIVITIES	(7,412)	(874)
	<hr/>	<hr/>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(110,109)	5,035
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	148,426	143,391
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT END OF YEAR	38,317	148,426
	<hr/> <hr/>	<hr/> <hr/>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS, represented by		
Cash and bank balances	38,317	148,426
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

1. GENERAL

Shanghai Qingpu Fire-Fighting Equipment Factory was transformed into a joint stock limited liability company in the People's Republic of China (the "PRC") on 1 December 2000 and was renamed as Shanghai Qingpu Fire-Fighting Equipment Co., Ltd. ("上海青浦消防器材股份有限公司", the "Company"). The addresses of the registered office and principal place of business of the Company are disclosed in the *Corporate Information* section to the annual report.

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"), a limited liability company established in the PRC, and the ultimate holding company is 聯城清大消防科技集團股份有限公司 (literally translated as "Liancheng Qingda Fire-Fighting Technology Group Company Limited" "Liancheng Qingda", formerly known as 浙江恒泰房地產股份有限公司, literally translated as "Zhejiang Hengtai Real Estate Joint Stock Co., Ltd." "Zhejiang Hengtai"), a limited liability company established in the PRC. The change of name of Zhejiang Hengtai to Liancheng Qingda was registered on 15 September 2025.

The Company is an investment holding company. The Company and its subsidiaries is principally engaged in the provision of fire safety training services in the PRC, the manufacture and sale of pressure vessels (including fire-fighting equipment products and pressure vessels products) in the PRC (excluding Hong Kong) and overseas, provision of fire technology inspection services, installation and inspection of marine fire-fighting equipment, sales of aquarium products and property investment segment.

The principal activities of its principal subsidiaries are set out in note 41.

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.

The English names of all the companies established in the PRC presented in these consolidated financial statements represent the best efforts made by the directors of the Company for the translation of the Chinese names of these companies to English names as they do not have official English names.

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS

(a) Amendments to an IFRS Accounting Standard that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to an IFRS Accounting Standard as issued by the International Accounting Standards Board (“IASB”) for the first time, which are mandatorily effective for the Group’s annual periods beginning on 1 January 2025 for the preparation of the consolidated financial statements:

Amendments to IAS 21	Lack of Exchangeability
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The application of the amendments to an IFRS Accounting Standard in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

(b) New and amendments to IFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to IFRS Accounting Standards that have been issued but are not yet effective:

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity ²
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to IFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards — Volume 11 ²
IFRS 18	Presentation and Disclosure in Financial Statements ³
Amendments to IAS 21	Translation to a Hyperinflationary Presentation Currency ³

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2026.

³ Effective for annual periods beginning on or after 1 January 2027.

Except for the new and amendments to IFRS Accounting Standards mentioned below, the directors of the Company anticipate that the application of all other new and amendments to IFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS (CONTINUED)

(b) New and amendments to IFRS Accounting Standards in issue but not yet effective (Continued)

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 *Presentation and Disclosure in Financial Statements* (“IFRS 18”), which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 *Presentation of Financial Statements* (“IAS 1”). This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures (“MPMs”) in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some IAS 1 paragraphs have been moved to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* (the title of which will be changed to *Basis of Preparation of Financial Statements* upon effective of IFRS 18) and IFRS 7. Minor amendments to IAS 7 *Statement of Cash Flows* and IAS 33 *Earnings per Share* are also made.

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. IFRS 18 requires retrospective application with specific transition provisions. The application of the new standard is not expected to have significant impact on the financial performance and positions of the Group in terms of recognition and measurement. However, it is expected to affect the structure and presentation of the consolidated statement of profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

(a) Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the IASB. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for investment properties that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if participants would take those characteristics into account when pricing the asset or liability market at the measurement date.

Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 *Share-based Payment*, leasing transactions that are accounted for in accordance with IFRS 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity liability can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

4. MATERIAL ACCOUNTING POLICY INFORMATION

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

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 listed above.

When the Group has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Basis of consolidation (Continued)

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Changes in the Group's interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRS Accounting Standards).

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 *Financial Instruments* or, when applicable, the cost on initial recognition of an investment in an associate.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or group of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in an annual period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that annual period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).

On disposal of the relevant cash-generating unit or any of the cash-generating unit within the group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit (or a cash-generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash-generating unit (or the group of cash-generating units) retained.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group’s performance as the Group performs;
- the Group’s performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group’s performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group’s right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9 *Financial Instruments*. In contrast, a receivable represents the Group’s unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group’s obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Revenue from contracts with customers (Continued)

Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 *Leases* at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Leases (Continued)

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to 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 recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis unless or another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Right-of-use assets

The cost of right-of-use assets include:

- the amounts of the initial measurement of the lease liabilities;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Leases (Continued)

Right-of-use assets (Continued)

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 *Financial Instruments* and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. 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. The incremental borrowing rate depends on the term, currency and start date of the lease and is determined based on a series of inputs as appropriate and applicable, including: the risk-free rate based on government bond rates; a country-specific risk adjustment; a credit risk adjustment based on bond yields; and an entity-specific adjustment whether the risk profile of the entity that enters into the lease is different to that of the Group and whether the lease benefit from a guarantee from the Group.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Leases (Continued)

Lease liabilities (Continued)

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, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are recognised as other revenue, rather than reducing the related expenses.

Employee benefits

Retirement benefit costs

Payments to the Mandatory Provident Fund Scheme and other PRC state-managed retirement benefit schemes are charged as an expense when employees have rendered service entitling them to the contributions.

Short-term and other long-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS Accounting Standards requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Any changes in the liabilities' carrying amounts resulting from service cost, interest and remeasurements are recognised in profit or loss except to the extent that another IFRS Accounting Standards requires or permits their inclusion in the cost of an asset.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit/(loss) before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Taxation (Continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes. Plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Property, plant and equipment in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related assets is functioning properly and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Sale proceeds of items that are produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management (such as samples produced when testing whether the asset is functioning properly), and the related costs of producing those items are recognised in the profit or loss. The cost of those items are measured in accordance with the measurement requirements of IAS 2 *Inventories*. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

If a property becomes an investment property because its use has changed as evidenced by end of owner occupation, any difference between the carrying amount and the fair value of that item (including the relevant leasehold land classified as right-of-use assets) at the date of transfer is recognised in other comprehensive income and accumulated in revaluation reserve. On the subsequent sale or retirement of the property, the relevant revaluation reserve will be transferred directly to retained profits.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Property, plant and equipment (Continued)

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. The items of plant and equipment are depreciated on a straight-line basis at the following useful lives after taking into account the residual value:

Buildings	Over the shorter of the lease terms and 40 years
Machinery	8 to 10 years
Furniture, fixtures and computer equipment	6 to 10 years
Motor vehicles	4 to 10 years

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at fair value, adjusted to exclude any prepaid or accrued operating lease income.

Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. A leased property which is recognised as a right-of-use asset is derecognised if the Group as intermediate lessor classifies the sublease as a finance lease. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Intangible assets

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortisation and any accumulated impairment losses/revalued amounts, being their fair value at the date of the revaluation less subsequent accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Intangible assets acquired in a business combination with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

Patents and Licenses

Patents and licenses are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 10 years.

Impairment on property, plant and equipment, right-of-use assets and intangible assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets, intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any). Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

The recoverable amount of plant and equipment, right-of-use assets, and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Impairment on property, plant and equipment, right-of-use assets and intangible assets other than goodwill (Continued)

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include:

- (a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and
- (b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts which are repayable on demand and form an integral part of the Group's cash management. Such overdrafts are presented as short-term borrowings in the consolidated statement of financial position.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in, first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15 *Revenue from Contracts with Customers*. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss (“FVTPL”)) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest and dividend income which are derived from the Group’s ordinary course of business are presented as revenue.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

All other financial assets are subsequently measured at FVTPL, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 *Business Combinations* applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial assets (Continued)

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the “other gains and losses” line item.

Impairment of financial assets subject to impairment assessment under IFRS 9

The Group performs impairment assessment under expected credit loss (“ECL”) model on financial assets (including trade and other receivables, amounts due from non-controlling shareholders of subsidiaries and cash and cash equivalents which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL (“12m ECL”) represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date.

Assessments are done based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial assets (Continued)

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 90 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if (i) it has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definitions.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial assets (Continued)

(i) *Significant increase in credit risk (Continued)*

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) *Definition of default*

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 180 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) *Credit-impaired financial assets*

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial assets (Continued)

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over one year past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial assets (Continued)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the consolidated statement of profit or loss.

Warranty provisions

The Group provides warranties in relation to the sale of marine fire-fighting equipment for general repairs of defects occurring during the warranty period. Provisions for these assurance- type warranties granted by the Group are initially recognised based on sales volume and past experience of the level of repairs and returns, discounted to their present values as appropriate. The warranty-related cost is revised annually.

Contingent liabilities

A contingent liability is a present obligation arising from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Where the Group is jointly and severally liable for an obligation, the part of the obligation that is expected to be met by other parties is treated as a contingent liability and it is not recognised in the consolidated financial statements.

The Group assesses continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognised in the consolidated financial statements in the reporting period in which the change in probability occurs, except in the extremely rare circumstances where no reliable estimate can be made.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (the “CODM”). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors that make strategic decisions.

Related parties

- (a) A person or a close member of that person’s family is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of key management personnel of the Group or the Company’s parent.
- (b) An entity is related to the Group if any of the following conditions apply:
 - (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of a Group of which it is a part, provides key management personnel services to the Group or to the Group’s parent.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Related parties (Continued)

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- (i) that person's children and spouse or domestic partner;
- (ii) children of that person's spouse or domestic partner; and
- (iii) dependents of that person or that person's spouse or domestic partner.

Events after the reporting period

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its financial statements, but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

5. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

5. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Critical judgements in applying accounting policies

The following is the critical judgement, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Deferred taxation on investment properties

For the purposes of measuring deferred tax arising from investment properties that are measured using the fair value model, the directors of the Company have reviewed the Group's investment property and concluded that the Group's investment properties are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time. Therefore, in determining the deferred taxation on investment properties, the directors of the Company have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is not rebutted.

Control over Shanghai Ogino Group

As described and explained in note 41, as at 31 December 2025 and 31 December 2024, Shanghai Ogino Group is accounted for as subsidiaries of the Group although the Group owns 44.1% ownership interest in these companies. The directors of the Company consider that, through its non-wholly owned subsidiary, the Group has a majority voting right in the board of directors of these subsidiaries so as to directly control its operating, financing and relevant activities through the respective board of directors.

The directors of the Company assessed whether the Group has control over Shanghai Ogino Group based on whether the Group has the practical ability to direct the relevant activities of these subsidiaries. After assessment, the directors of the Company concluded that the Group has sufficiently dominant voting interest to direct the relevant activities of Shanghai Ogino Group and therefore, the Group has control over these subsidiaries. Thus, Shanghai Ogino Group is accounted for as subsidiaries of the Group by virtue of the Company's control over them.

5. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year.

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the recoverable amount of the cash generating unit (or group of cash-generating units) to which goodwill has been allocated, which is the higher of the value in use or fair value less costs of disposal. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit (or a group of cash-generating units) and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, or change in facts and circumstances which results in downward revision of future cash flows or upward revision of discount rate, a material impairment loss or further impairment loss may arise.

As at 31 December 2025 and 31 December 2024, the carrying amounts of the Group's goodwill are disclosed in note 19.

Estimated impairment of property, plant and equipment, right-of-use assets and intangible asset

Property, plant and equipment, right-of-use assets and intangible asset are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the assets belongs, including allocation of corporate assets when a reasonable and consistent basis of allocation can be established, otherwise recoverable amount is determined at the smallest group of cash generating units, for which the relevant corporate assets have been allocated. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts.

As at 31 December 2025 and 31 December 2024, the carrying amounts of the Group's property, plant and equipment, right-of-use assets and intangible asset are disclosed in note 16, 18(a) and 20, respectively.

5. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Key sources of estimation uncertainty (Continued)

Fair values of investment properties

Investment properties are stated at fair value based on the valuation performed by independent professional valuers. In determining the fair value, the valuer has applied a market value basis which involves, inter-alia, certain estimates, including appropriate capitalisation rates, reversionary income potential and redevelopment potential taking into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

In relying on the valuation, management has exercised their judgement and is satisfied that the method of valuation is reflective of the current market conditions at the end of the reporting period.

As at 31 December 2025 and 31 December 2024, the carrying amount of the Group's investment properties are disclosed in note 17.

Provision of ECL for trade receivables

Trade receivables with significant balances and credit-impaired are assessed for expected credit loss ("ECL") individually. In addition, the Group uses practical expedient in estimating ECL on trade receivables which are not assessed individually using a provision matrix. The provision rates are based on aging of debtors as groupings of various debtors taking into consideration the Group's historical default rates and forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. The provision of ECL is sensitive to changes in estimates.

As at 31 December 2025 and 31 December 2024, the carrying amount of the Group's trade receivables are disclosed in note 22.

Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs to completion and the estimated costs necessary to make the sale. In assessing the net realisable value and making appropriate allowances, management identifies, using their judgement, inventories that are slow moving or obsolete, and considering their physical conditions, age, market conditions and market price for similar items. Management reassesses these estimates at the end of each reporting period.

As at 31 December 2025 and 31 December 2024, the carrying amount of the Group's inventories are disclosed in note 21.

6. OPERATING SEGMENT INFORMATION

Information reported to the Management, being the CODM, for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

Specifically, the Group's reportable segments under IFRS 8 *Operating Segments* are as follows:

- (i) Fire-fighting Equipment Segment — Manufacture and sale of pressure vessels (including fire-fighting equipment products and pressure vessels products);
- (ii) Aquarium Products Segment — Manufacture and sale of aquarium products;
- (iii) Marine Fire-fighting Equipment Segment — Sales of marine fire-fighting equipment and provision of related installation services;
- (iv) Inspection Services Segment — Provision of fire technology inspection services and marine fire-fighting equipment inspection services;
- (v) Property Investment Segment — Investment and lease of office buildings and industrial properties for rental income purpose; and
- (vi) Trading Segment — Trading of other products.

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 4.

Segment profit/(loss) represents the profit earned by/loss from each segment without allocation of central administration costs, directors' emoluments and finance costs. This is the measure reported to the CODM for the purposes of resource 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, government grant, finance cost (other than interest on lease liabilities), and realised gains on financial assets at fair value through profit or loss as well as head office and corporate income and expenses are excluded from such measurement.

Segment assets exclude cash and cash equivalents, deferred tax assets and amount due from a related company as these assets are managed on a group basis.

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

6. OPERATING SEGMENT INFORMATION (CONTINUED)

(a) Segment revenues and results Segment assets and liabilities

The following is an analysis of the Group's revenue, results, assets, liabilities and other information by reportable segments:

For the year ended 31 December 2024

	Fire-Fighting Equipment RMB'000	Aquarium Products RMB'000	Marine Fire-fighting Equipment RMB'000	Inspection Services RMB'000	Property Investment RMB'000	Trading RMB'000	Total RMB'000
Segment revenue							
Sales/services provided to external customers	22,823	35,122	12,540	6,734	–	–	77,219
Gross rental income	–	–	–	–	7,241	–	7,241
Total segment revenue	22,823	35,122	12,540	6,734	7,241	–	84,460
Segments results							
Interest income							2,284
Realised gains on financial assets at fair value through profit or loss							1,001
Finance cost (other than interest on lease liabilities)							(179)
Government grants							353
Corporate and unallocated income							199
Corporate and unallocated expenses							(1,583)
Profit before tax							8,994
Segment assets							
Inter-segment elimination							(831)
Unallocated assets							149,145
Total assets							202,426
Segment liabilities							
Inter-segment elimination							(831)
Unallocated liabilities							15,396
Total liabilities							28,483
Other segment information							
Additions to property, plant and equipment and right-of-use assets	874	790	–	–	–	–	1,664
Provision for ECL allowance on trade receivables, net	–	–	92	–	–	–	92
Depreciation and amortisation	612	1,033	–	352	–	–	1,997

6. OPERATING SEGMENT INFORMATION (CONTINUED)

(a) Segment revenues and results Segment assets and liabilities (Continued)

For the year ended 31 December 2025

	Fire-Fighting Equipment RMB'000	Aquarium Products RMB'000	Marine Fire-fighting Equipment RMB'000	Inspection Services RMB'000	Property Investment RMB'000	Trading RMB'000	Total RMB'000
Segment revenue							
Sales/services provided to external customers	21,605	43,693	15,307	6,120	-	-	86,725
Gross rental income	-	-	-	-	5,649	-	5,649
Total segment revenue	<u>21,605</u>	<u>43,693</u>	<u>15,307</u>	<u>6,120</u>	<u>5,649</u>	<u>-</u>	<u>92,374</u>
Segments results							
Interest income							1,727
Finance cost (other than interest on lease liabilities)							(47)
Government grants							120
Corporate and unallocated income							-
Corporate and unallocated expenses							(3,360)
Profit before tax							<u>4,607</u>
Segment assets							
Unallocated assets	71,610	36,684	5,419	872	22,202	-	136,787
Total assets							<u>208,900</u>
Segment liabilities							
Unallocated liabilities	4,328	3,867	5,300	367	2,170	-	16,032
Total liabilities							<u>28,139</u>
Other segment information							
Additions to property, plant and equipment and right-of-use assets	306	1,468	-	-	-	-	1,774
Provision for ECL allowance on trade receivables, net	112	32	1,667	116	-	-	1,927
Depreciation and amortisation	<u>311</u>	<u>1,368</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,679</u>

6. OPERATING SEGMENT INFORMATION (CONTINUED)

(b) Geographical information

The information about the Group's revenue and non-current assets by location of assets are detailed below:

(i) Revenue from external customers

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Geographical market		
The PRC	71,173	63,151
European countries	19,385	17,381
Other countries/provinces	1,816	3,928
	<u>92,374</u>	<u>84,460</u>

(ii) Non-current assets

The Group operates principally in the PRC. All of the Group's non-current assets are located in the PRC. Accordingly, no further geographical information of non-current assets was disclosed.

(c) Information about major customers

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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Customer A*	29,325	28,884
Customer B**	14,445	14,205

* Revenue from aquarium products segment.

** Revenue from fire-fighting equipment segment.

7. REVENUE FROM CONTRACTS WITH CUSTOMERS

(a) Disaggregation of revenue from contracts with customers

(i) *The Group derives revenue from the transfer of goods and services by categorise of major product lines and business*

	Fire-fighting Equipment <i>RMB'000</i>	Aquarium Products <i>RMB'000</i>	Marine Fire-fighting Equipment <i>RMB'000</i>	Inspection Services <i>RMB'000</i>	Property Investment <i>RMB'000</i>	Trading <i>RMB'000</i>	Trading <i>RMB'000</i>
Year ended							
31 December 2024							
Revenue from contracts with customers within the scope of IFRS 15							
Type of goods or services							
Sales of goods	22,823	35,122	12,540	-	-	-	70,485
Inspection services	-	-	-	6,734	-	-	6,734
	<u>22,823</u>	<u>35,122</u>	<u>12,540</u>	<u>6,734</u>	<u>-</u>	<u>-</u>	<u>77,219</u>
Revenue from other sources							
Rental income	-	-	-	-	7,241	-	7,241
	<u>22,823</u>	<u>35,122</u>	<u>12,540</u>	<u>6,734</u>	<u>7,241</u>	<u>-</u>	<u>84,460</u>
Year ended							
31 December 2025							
Revenue from contracts with customers within the scope of IFRS 15							
Type of goods or services							
Sales of goods	21,605	43,693	15,307	-	-	-	80,605
Inspection services	-	-	-	6,120	-	-	6,120
	<u>21,605</u>	<u>43,693</u>	<u>15,307</u>	<u>6,120</u>	<u>-</u>	<u>-</u>	<u>86,725</u>
Revenue from other sources							
Rental income	-	-	-	-	5,649	-	5,649
	<u>21,605</u>	<u>43,693</u>	<u>15,307</u>	<u>6,120</u>	<u>5,649</u>	<u>-</u>	<u>92,374</u>

7. REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)

(a) Disaggregation of revenue from contracts with customers (Continued)

(ii) *The Group derives revenue from the transfer of goods and services by timing of revenue recognition*

	Fire-fighting Equipment <i>RMB'000</i>	Aquarium Products <i>RMB'000</i>	Marine Fire-fighting Equipment <i>RMB'000</i>	Inspection Services <i>RMB'000</i>	Property Investment <i>RMB'000</i>	Trading <i>RMB'000</i>	Trading <i>RMB'000</i>
Year ended							
31 December 2024							
Timing of revenue recognition							
At a point in time	22,823	35,122	12,540	-	-	-	70,485
Over time	-	-	-	6,734	-	-	6,734
	<u>22,823</u>	<u>35,122</u>	<u>12,540</u>	<u>6,734</u>	<u>-</u>	<u>-</u>	<u>77,219</u>
Year ended							
31 December 2025							
Timing of revenue recognition							
At a point in time	21,605	43,693	15,307	-	-	-	80,605
Over time	-	-	-	6,120	-	-	6,120
	<u>21,605</u>	<u>43,693</u>	<u>15,307</u>	<u>6,120</u>	<u>-</u>	<u>-</u>	<u>86,725</u>

7. REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)

(b) Contract balances

		As at 31 December		As at
		2025	2024	1 January
	Note	RMB'000	RMB'000	RMB'000
Trade receivables	22	25,206	15,993	10,505
Less: Allowances		(2,293)	(366)	(274)
		<u>22,913</u>	<u>15,627</u>	<u>10,231</u>

Details of the Group's trade receivables are set out in note 22.

(c) Performance obligations for contracts with customers and revenue recognition policies

The Group is mainly engaged in the following business and operations:

- Manufacturing and sales of pressure vessels (including fire-fighting equipment products and pressure vessels products);
- Sales of marine fire-fighting equipment and provision of related installation and inspection services;
- Provision of fire technology inspection services;
- Manufacturing and sales of aquarium products;
- Trading of other products; and
- Leasing of office building and industrial properties.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities.

7. REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)

(c) Performance obligations for contracts with customers and revenue recognition policies (Continued)

The Group's performance obligations for contracts with customers and revenue and other income recognition policies are as follows:

Revenue from contracts with customers

- (i) Manufacturing and sales of pressure vessels, marine fire-fighting equipment and aquarium products

Revenue from contracts with customers represents amounts receivable for goods and equipment sold in the normal course of business and is measured based on the consideration specified in a contract with a customer, excludes amounts collected on behalf of third parties, discounts and sales related taxes.

The Group enters into sales contracts with customers for each transaction. Revenue from sale of equipment and products is recognised at the point in time when control of the assets is transferred to the customer, generally on delivery of the equipment and products and there is no unfulfilled obligation that could affect the customer's acceptance of the products. The Group does not expect to have any contracts where the period between the transfer of the promised goods to the customer and payment by the customer exceeds one year. Delivery occurs when the products have been shipped to the specific location in accordance with the contracts with the customers.

No significant financing component is deemed present as the sales are made with a credit term ranging from 30 days to 90 days to its customers, which is consistent with market practice.

Certain contracts provide a customer with a right to return the goods within a specified period, giving rise to variable consideration. The Group uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in IFRS 15 on constraining estimates of variable consideration are applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, a refund liability is recognised. A right of return asset (and corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

7. REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)

(c) Performance obligations for contracts with customers and revenue recognition policies (Continued)

Revenue from contracts with customers (Continued)

(ii) Fire technology inspection services and marine fire-fighting equipment inspection services

Revenue from inspection services over time, using an input method to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Group.

(iii) Trading of other products

The Group has contracts with customers to acquire, on their behalf, other products produced by foreign suppliers. The Group is acting as an agent in these arrangements.

When another party is involved in providing goods or services to its customer, the Group determines whether it is a principal or an agent in these transactions by evaluating the nature of its promise to the customer. The Group is a principal and records revenue on a gross basis if it controls the promised goods or services before transferring them to the customer. However, if the Group's role is only to arrange for another entity to provide the goods or services, then the Group is an agent and will need to record revenue at the net amount that it retains for its agency services.

Other sources

Rental income from Leasing of office building and industrial properties under operating leases is recognised on a straight-line basis over the lease terms.

Other income

(i) Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

(iii) Government grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same period in which the expenses are incurred.

Further information about the Group's accounting policies relating to revenue from contracts with customers is provided in Note 4 to the consolidated financial statements.

7. REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)

(d) Transaction price allocated to remaining performance obligation

The Group has applied the practical expedient in paragraph 121 of IFRS 15 Revenue from Contracts with Customers, to exempt the disclosure of revenue expected to be recognised in the future arising from contracts.

8. OTHER INCOME, GAINS OR LOSSES, NET

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Interest income	1,727	2,284
Sales of scrap materials	4,258	–
Exchange gains, net	101	252
Gain on termination of lease contracts	5	–
Government grants	120	353
Recovery of trade receivables previously written-off	150	200
Impairment loss recognised for trade receivables	(1,927)	(92)
Impairment loss recognised for goodwill	–	(1,891)
Loss on disposal of property, plant and equipment	(11)	–
Realised gains on financial assets at FVTPL	–	1,001
Sundry income	265	189
	<u>4,688</u>	<u>2,296</u>

The Group received unconditional government grant of RMB120,000 (2024: RMB353,000) for the year ended 31 December 2025 in respect of subsidies for supporting enterprises development and demolition of factory buildings, etc. There were no unfulfilled conditions or contingencies attaching to these government subsidies.

9. FINANCE COSTS

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Imputed interest on lease liabilities	27	55
Interest expense on other borrowings	47	179
	<u>74</u>	<u>234</u>

10. PROFIT BEFORE INCOME TAX

Profit before income tax has been arriving at after charging:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Cost of sales and service provided comprise:		
— Cost of inventories sold	61,119	53,578
— Cost of services provided	4,338	3,964
— Cost of rental income	2,610	1,850
	<u>68,067</u>	<u>59,392</u>
Depreciation and amortisation on:		
— Property, plant and equipment	1,679	1,270
— Right-of-use assets	424	547
— Intangible assets	135	180
	<u>2,238</u>	<u>1,997</u>
Staff costs		
— Directors' and supervisors' emoluments (<i>note 12</i>)	418	464
— Other staff costs		
— Salaries and allowances for other staffs	6,024	8,476
— Performance bonus	—	—
— Retirement benefit scheme contribution (Excluding directors)	857	1,327
	<u>7,299</u>	<u>10,267</u>
Others:		
— Auditor's remuneration	850	1,000

Cost of sales and services provided included approximately RMB2,644,000 (2024: RMB2,995,000) for the year ended 31 December 2025 relating to employee costs, depreciation of property, plant and equipment and depreciation of right-of-use assets, which amounts are also included in respective total amounts disclosed above for each of these types of expenses.

The amortisation of intangible assets for the year is included in “administrative expenses” in the consolidated statement of profit or loss.

During the years ended 31 December 2025 and 31 December 2024, the Group had no forfeited contributions under its retirement benefit scheme in the PRC which may be used to reduce the existing level of contributions as described in Rule 18.34 of the GEM Listing Rules.

11. INCOME TAX EXPENSE (CREDIT)

The amount of income tax expense (credit) in the consolidated statement of profit or loss and other comprehensive income represents:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Current tax — PRC Enterprise Income Tax		
— Under-provision in prior years	1,405	—
— Charge for the year	1,981	726
Deferred tax	(103)	(1,600)
	<u>3,283</u>	<u>(874)</u>

According to the relevant announcements of income tax relief policy for small low-profit enterprises issued by the State Administration of Taxation, a lower enterprise income tax (“EIT”) rate is applicable to small scale enterprises with low profitability that meet certain conditions, pursuant to which, the subsidiaries qualified as small-scale enterprises with assessable profits not over RMB3,000,000 are effectively taxable at 5% (i.e. 20% EIT rate on the 25% of the assessable profits) for the years ended 31 December 2025 and 31 December 2024. The EIT of other companies in the Group is calculated at a rate of 25% on the estimated assessable profits for the year ended 31 December 2025 and 31 December 2024.

The income tax expense (credit) for the year can be reconciled to the loss before income tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Profit before income tax	<u>4,607</u>	<u>8,994</u>
Income tax expense at the domestic income tax rate of 25% (2024: 25%)	1,152	2,250
Tax effect of tax concession	(1,205)	(2,431)
Tax effect of non-deductible expenses	1,950	572
Tax effect of non-taxable income	(17)	—
Utilisation of tax losses and temporary differences not recognised, net	—	(544)
Under-provision in prior years	1,405	—
Others	(2)	(721)
Income tax expense (credit)	<u>3,283</u>	<u>(874)</u>

12. DIRECTORS', CHIEF EXECUTIVE' AND SUPERVISORS' EMOLUMENTS

The emoluments paid or payable directors, Chief Executive and supervisors during the years ended 31 December 2025 and 31 December 2024 were as follows:

Name	Director's fee RMB'000	Salaries and allowances RMB'000	Performance related bonuses RMB'000	Pension scheme contribution RMB'000	Total RMB'000
Year ended 31 December 2025					
Executive Directors					
Mr. Zhou Jin Hui	-	180	-	-	180
Mr. Shi Hui Xing	-	-	-	-	-
Mr. Zhou Guo Ping	-	78	-	23	101
Independent Non-executive Directors					
Mr. Wang Guo Zhong	30	-	-	-	30
Mr. Song Zi Zong	30	-	-	-	30
Ms. Zhu Yi Juan (<i>Note 1 below</i>)	3	-	-	-	3
	<u>63</u>	<u>258</u>	<u>-</u>	<u>23</u>	<u>344</u>
Supervisor					
Mr. Zhao Da Rong	-	65	-	9	74
Mr. Qiu Ning Song	-	-	-	-	-
Mr. Liu Jin	-	-	-	-	-
	<u>-</u>	<u>65</u>	<u>-</u>	<u>9</u>	<u>74</u>
Year ended 31 December 2024					
Executive Directors					
Mr. Zhou Jin Hui	-	180	-	-	180
Mr. Shi Hui Xing	-	-	-	-	-
Mr. Zhou Guo Ping	-	78	-	23	101
Independent Non-executive Directors					
Mr. Yang Chun Bao (<i>Note 2 below</i>)	28	-	-	-	28
Mr. Wang Guo Zhong	30	-	-	-	30
Mr. Song Zi Zong	30	-	-	-	30
Ms. Zhu Yi Juan	3	-	-	-	3
	<u>91</u>	<u>258</u>	<u>-</u>	<u>23</u>	<u>372</u>
Supervisor					
Mr. Zhao Da Rong	-	69	-	23	92
Mr. Qiu Ning Song	-	-	-	-	-
Mr. Liu Jin	-	-	-	-	-
	<u>-</u>	<u>69</u>	<u>-</u>	<u>23</u>	<u>92</u>

12. DIRECTORS', CHIEF EXECUTIVE' AND SUPERVISORS' EMOLUMENTS (CONTINUED)

Notes:

1. Ms. Zhu Yi Juan was appointed as the independent non-executive director of the Company on 2 December 2024.
2. Mr. Yang Chun Bao resigned as the independent non-executive director of the Company on 2 December 2024.

The non-executive directors' emoluments shown above were for their services as directors of the Company and its subsidiaries, if applicable.

The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

There was no arrangement under which a director or the chief executive officer waived or agreed to waive any remuneration during the year.

13. EMPLOYEES' EMOLUMENTS

The five individuals with the highest emoluments in the Group did not include any directors of the Company whose emoluments are included in note 12 above. The emoluments of the five (2024: five) individuals were as follows:

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Salaries and allowances	1,175	862
Performance related incentive payments	–	–
Pension scheme contribution	157	138
	<u>1,332</u>	<u>1,000</u>

13. EMPLOYEES' EMOLUMENTS (CONTINUED)

Their emoluments were within the following band:

	2025	2024
	Number of employees	Number of employees
Nil to HK\$1,000,000 (equivalent to RMB900,000)	<u><u>5</u></u>	<u><u>5</u></u>

None of the five highest paid individuals waived any emoluments in current and prior years.

During the years ended 31 December 2025 and 31 December 2024, no emoluments were paid by the Group to the five highest paid individuals, including directors, as an inducement to join or upon joining the Group or as compensation for loss of office.

14. DIVIDEND

No dividend was paid or proposed during the year ended 31 December 2025 and 31 December 2024, nor has any dividend been proposed since the end of the reporting period (2024: nil).

15. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of basic loss per share for the year is based on the loss for the year attributable to owners of the Company of RMB4,076,000 (2024: profit for the year attributable to owners of the Company of RMB4,350,000) divided by 187,430,000 (2024: 187,430,000) ordinary shares in issue during the year.

(b) Diluted (loss)/earnings per share

No diluted loss per share is presented as there are no dilutive potential ordinary shares in issue for each of the years ended 31 December 2025 and 31 December 2024.

16. PROPERTY, PLANT AND EQUIPMENT

	Buildings <i>RMB'000</i>	Machinery <i>RMB'000</i>	Furniture, fixtures and computer equipment <i>RMB'000</i>	Motor vehicles <i>RMB'000</i>	Total <i>RMB'000</i>
As at 1 January 2024					
Cost	22,019	1,456	1,646	892	26,013
Accumulated depreciation	<u>(4,007)</u>	<u>(986)</u>	<u>(1,213)</u>	<u>(777)</u>	<u>(6,983)</u>
Net carrying amount	<u>18,012</u>	<u>470</u>	<u>433</u>	<u>115</u>	<u>19,030</u>
At 1 January 2024, net of accumulated depreciation					
Cost	18,012	470	433	115	19,030
Additions	–	107	690	–	797
Depreciation provided for the year	<u>(910)</u>	<u>(76)</u>	<u>(254)</u>	<u>(30)</u>	<u>(1,270)</u>
At 31 December 2024, net of accumulated depreciation					
	<u>17,102</u>	<u>501</u>	<u>869</u>	<u>85</u>	<u>18,557</u>
At 31 December 2024					
Cost	22,019	1,561	2,335	893	26,808
Accumulated depreciation	<u>(4,917)</u>	<u>(1,060)</u>	<u>(1,466)</u>	<u>(808)</u>	<u>(8,251)</u>
Net carrying amount	<u>17,102</u>	<u>501</u>	<u>869</u>	<u>85</u>	<u>18,557</u>
At 1 January 2025					
Cost	22,019	1,561	2,335	893	26,808
Accumulated depreciation	<u>(4,917)</u>	<u>(1,060)</u>	<u>(1,466)</u>	<u>(808)</u>	<u>(8,251)</u>
Net carrying amount	<u>17,102</u>	<u>501</u>	<u>869</u>	<u>85</u>	<u>18,557</u>
As at 1 January 2025, net of accumulated depreciation					
	17,102	501	869	85	18,557
Additions	–	1,356	375	43	1,774
Disposals	–	(8)	(1)	(2)	(11)
Depreciation provided for the year	(973)	(257)	(378)	(71)	(1,679)
Transfer to investment properties	<u>(1,554)</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(1,554)</u>
Aa at 31 December 2025, net of accumulated depreciation					
	<u>14,575</u>	<u>1,592</u>	<u>865</u>	<u>55</u>	<u>17,087</u>
As at 31 December 2025					
Cost	19,667	2,711	2,691	893	25,962
Accumulated depreciation	<u>(5,092)</u>	<u>(1,119)</u>	<u>(1,826)</u>	<u>(838)</u>	<u>(8,875)</u>
Net carrying amount	<u>14,575</u>	<u>1,592</u>	<u>865</u>	<u>55</u>	<u>17,087</u>

16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The buildings together with the leasehold land (note 18(a)) are situated in the PRC under medium term leases.

As at 31 December 2025, no property, plant and equipment was pledged. (2024: Certain of the buildings with net carrying amount of approximately RMB7,765,000 have been pledged to a bank to secure the interest-bearing bank borrowings (see note 29).)

17. INVESTMENT PROPERTIES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
AT FAIR VALUE		
As at 1 January	–	–
Transfer from property, plant and equipment	<u>7,000</u>	<u>–</u>
As at 31 December	<u><u>7,000</u></u>	<u><u>–</u></u>

The Group's buildings held to earn rentals or for capital appreciation purposes are classified and accounted for as investment properties and are measured using the fair value model.

In early October 2025, an owner-occupied property with the carrying amount of RMB1,554,000 was transferred to investment property following a change in use from owner-occupation to rental to third parties. The property was revalued to fair value of RMB7,000,000 at the date of transfer, resulting in a revaluation surplus of RMB4,085,000, net of deferred tax, which was credited to the asset revaluation reserve for the year ended 31 December 2025.

The fair value of the Group's investment properties as at date of transfer and 31 December 2025 has been arrived at on the basis of a valuation carried out on the respective dates by independent qualified professional valuers not connected to the Group. The independent qualified professional valuers have appropriate qualification and recent experience in the valuation of similar properties in the relevant locations.

17. INVESTMENT PROPERTIES (CONTINUED)

The Company's management and finance department of the Company works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The discussion of valuation processes and result had been held between management and finance department and the independent professional valuer to establish the appropriate valuation techniques and inputs to the model as at the reporting date.

In estimating the fair value of the properties, the highest and best use of the properties is their current use. The fair values of investment properties have been adjusted to exclude prepaid or accrued operating lease income to avoid double counting.

Information about fair value measurements, including the valuation techniques using significant unobservable input (Level 3) is as follows:

Particular of the properties	Fair value of the properties		Valuation technique	Significant unobservable input(s)	Range of unobservable inputs		Relationship of unobservable inputs to fair value
	31 December 2025	30 September 2025			31 December 2025	30 September 2025	
	RMB'000	RMB'000					
Industrial properties	7,000	7,000	Direct comparison approach	Market unit sale rate	RMB3,800 per sq.m	RMB3,800 per sq.m	The higher market unit sale rate, the higher the fair value

The fair value measurement of investment properties is categorised into Level 3 fair value hierarchy.

There were no transfers between levels 1, 2 and 3 for both years.

18. LEASES

The Group as a lessee

The Group has lease contracts for various items of land and buildings used in its operations, including (i) lump sum payments were made upfront to acquire the leasehold land from the owner with lease period of 50 years, and no ongoing payments will be made under the terms of these leasehold land; and (ii) leases of land and buildings with monthly/quarterly/annually rental payment for lease terms between 3 and 20 years.

(a) Right-of-use assets

	Leasehold land <i>RMB'000</i>	Land and properties <i>RMB'000</i>	Total <i>RMB'000</i>
As at 1 January 2024	94	1,342	1,436
Additions	–	867	867
Termination of lease contract	–	(662)	(662)
Depreciation for the year	(3)	(544)	(547)
	<u>91</u>	<u>1,003</u>	<u>1,094</u>
As at 31 December 2024 and at 1 January 2025	91	1,003	1,094
Termination of lease contracts	–	(195)	(195)
Depreciation for the year	(3)	(421)	(424)
	<u>88</u>	<u>387</u>	<u>475</u>
As at 31 December 2025	88	387	475
		2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Expenses relating to short-term leases		<u>29</u>	<u>–</u>

During the year ended 31 December 2025, the Group terminated a lease contract for an office premise in the PRC. The early termination resulted in a gain of approximately RMB5,000, which is the net effect of the derecognition of the carrying amount of right-of-use assets of approximately RMB195,000, the derecognition of corresponding lease liabilities of approximately RMB200,000.

18. LEASES (CONTINUED)

The Group as a lessee (Continued)

(b) Lease liabilities

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Lease liabilities payable on:		
— Within one year	645	1,083
— Within a period of more than one year but not more than two years	291	408
— Within a period of more than two year but not more than five years	—	—
	<u>936</u>	1,491
Less: Amount due for settlement within 12 months shown under current liabilities	<u>(645)</u>	<u>(1,083)</u>
Amount due for settlement after 12 months shown under non-current liabilities	<u>291</u>	<u>408</u>
Amount analysed as:		
— Non-current	291	408
— Current	645	1,083
	<u>936</u>	<u>1,491</u>
Interest on lease liabilities	<u>27</u>	<u>55</u>
Total cash outflow for leases	<u>382</u>	<u>519</u>

The weighted average incremental borrowing rate applied to lease liabilities is the interest rates implicit in the leases.

Lease obligations are denominated in RMB.

The lease agreements do not impose any covenants in other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

18. LEASES (CONTINUED)

The Group as a lessor

The Group leases and sub-leases its properties to independent third parties under operating leases arrangements. 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. Rental income recognised by the Group during the year was RMB7,393,000 (2024: RMB7,241,000), details of which are included in note 7 to the consolidated financial statements. During the year ended 31 December 2025, the direct operating expenses arising from properties that generated rental income amounted to RMB2,620,000.

At 31 December 2025 and 31 December 2024, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Within one year	6,960	7,706
After one year but within five years	37,245	32,640
After five years	32,529	41,558
	<u>76,734</u>	<u>81,904</u>

19. GOODWILL

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
COST		
As at 1 January and 31 December	<u>4,211</u>	<u>4,211</u>
ACCUMULATED IMPAIRMENT LOSS		
As at 1 January	1,891	–
Impairment loss for the year	<u>–</u>	<u>1,891</u>
As at 31 December	<u>1,891</u>	<u>1,891</u>
NET CARRYING AMOUNT	<u>2,320</u>	<u>2,320</u>

19. GOODWILL (CONTINUED)

Goodwill acquired through business combination during 2016 has been allocated to the cash generating unit of the marine fire-fighting equipment segment (the “Marine CGU”).

The goodwill in connection with the Marine CGU arose from the acquisition of Shanghai An Hang, representing the difference between the Company’s consideration transferred and fair value of Shanghai An Hang’s identifiable net assets acquired on the completion date (i.e. 1 February 2016).

Impairment test for the year ended 31 December 2025

At 31 December 2025, the Directors conducted an assessment of the recoverable amount of the Marine CGU with reference to a valuation performed by Asset Appraisal Limited (the “Valuer”) based on a value in use calculation using cash flow projection on a five-year forecast approved by senior management. The discount rate applied to the cash flow projection is 13.25%. The growth rates used for the five-year period and to extrapolate the cash flows of the business beyond the five-year period is 5% and Nil, respectively. Based on the assessment, in the opinion of the Directors, the estimated recoverable amount of the Marine CGU is higher than its corresponding carrying amount and consequently, no impairment loss on goodwill was recognised for the year ended 31 December 2025.

Impairment test for the year ended 31 December 2024

At 31 December 2024, the Directors conducted an assessment of the recoverable amount of the Marine CGU with reference to a valuation performed by Asset Appraisal Limited (the “Valuer”) based on a value in use calculation using cash flow projection on a five-year forecast approved by senior management. The discount rate applied to the cash flow projection is 14.23%. The growth rates used for the five-year period and to extrapolate the cash flows of the business beyond the five-year period is 5% and Nil, respectively. Based on the assessment, in the opinion of the Directors, the estimated recoverable amount of the Marine CGU is RMB5,400,000, which is lower than its corresponding carrying amount and consequently, an impairment loss on goodwill of approximately RMB1,891,000 was recognised for the year ended 31 December 2024. After the recognition of the impairment loss, the net carrying amount of goodwill in connection with the Marine CGU was approximately RMB2,320,000 as at 31 December 2024.

20. INTANGIBLE ASSETS

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
PATENTS AND TRADEMARKS		
COST		
As at 1 January and 31 December	<u>1,800</u>	<u>1,800</u>
ACCUMULATED AMORTISATION AND IMPAIRMENT LOSS		
As at 1 January	1,665	1,485
Amortisation for the year	<u>135</u>	<u>180</u>
As at 31 December	<u><u>1,800</u></u>	<u><u>1,665</u></u>
NET CARRYING AMOUNT	<u><u>-</u></u>	<u><u>135</u></u>

Patents and trademarks were acquired by the Group as part of the establishment of a non-wholly owned subsidiary in prior years.

Impairment assessment for the year ended 31 December 2025

No impairment assessment was performed for the year ended 31 December 2025 as the intangible assets had been fully amortised during the year and their carrying amounts were nil as at 31 December 2025.

Impairment assessment for the year ended 31 December 2024

Intangible assets have been allocated to the cash generating unit of the aquarium products segment (the "Aquarium CGU"). At 31 December 2024, the Directors conducted an assessment of the recoverable amount of the Aquarium CGU with reference to a valuation performed by the Valuer based on a value in use calculation using cash flow projection on a five-year forecast approved by senior management. The discount rate applied to the cash flow projection is 14.87%. The growth rates used for the five-year period and to extrapolate the cash flows of the business beyond the five-year period is 1.3% and Nil, respectively. Based on the assessment, in the opinion of the Directors, the estimated recoverable amount of the Aquarium CGU is higher than its corresponding carrying amount and therefore, no impairment of intangible assets was provided during the year.

21. INVENTORIES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Raw materials	3,525	3,992
Work in progress	1,236	995
Finished goods	3,987	5,021
Low cost consumables	187	251
	<u>8,935</u>	<u>10,259</u>
Less: Allowances	<u>–</u>	<u>(701)</u>
	<u><u>8,935</u></u>	<u><u>9,558</u></u>

22. TRADE RECEIVABLES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Trade receivables	25,206	15,993
Less: Allowances	<u>(2,293)</u>	<u>(366)</u>
	<u><u>22,913</u></u>	<u><u>15,627</u></u>

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.

The Group does not hold any collateral over its trade debts.

22. TRADE RECEIVABLES (CONTINUED)

The following is an aged analysis of trade receivables (net of allowance for expected credit loss) presented based on the invoice date at the end of reporting period:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Within 1 month	16,730	7,299
1 to 2 months	1,321	2,706
2 to 3 months	2,725	2,662
3 to 6 months	1,545	1,872
6 to 12 months	552	892
Over 1 year	40	196
	<u>22,913</u>	<u>15,627</u>

Details of impairment assessment of trade receivables are set out in note 37.

23. PREPAYMENT, DEPOSIT AND OTHER RECEIVABLES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Prepayment for acquisition of the Target Group (<i>note below</i>)	87,000	–
Other prepayments	137	2,300
Trade and other deposits paid	–	579
Rental receivables	1,625	1,625
Other receivables	2,237	1,486
	<u>90,999</u>	<u>5,990</u>
Analysed as:		
— Current	2,374	4,365
— Non-current	88,625	1,625
	<u>90,999</u>	<u>5,990</u>

23. PREPAYMENT, DEPOSIT AND OTHER RECEIVABLES (CONTINUED)

Note: Prepayment for acquisition of the Target Group

Pursuant to the Company's announcement dated 8 December 2024, on 8 December 2024, 清大東方教育科技集團有限公司 (Qingda Oriental Education Technology Group Co., Ltd., a limited liability company incorporated in PRC, the "Vendor") and the Company entered into the sale and purchase agreement (together with the supplementary agreements, the "Sale and Purchase Agreements"), pursuant to which, the Vendor has conditionally agreed to sell, and the Company has conditionally agreed to acquire (i) the entire equity interests in 清大東方消防科技集團有限公司 (Qingda Oriental Fire Fighting Technology Group Co., Ltd., a limited liability company incorporated in the PRC, a wholly-owned subsidiary of the Vendor, the "Target Company"); and (ii) 10% of the total equity interests in the target subsidiaries (together with the "Target Company", the "Target Group") held by the Vendor at the total consideration of RMB200 million (subject to adjustment), which will be satisfied as to (i) RMB28 million by the allotment and issue of the 28,000,000 consideration shares (the "Consideration Shares") to the Vendor or its nominee(s); (ii) RMB85 million by the issue of the convertible bond (the "Convertible Bond") by the Company to the Vendor or its nominee(s); and (iii) RMB87 million by cash (the "Acquisition").

The Target Group is principally engaged in fire safety training business. Upon the completion of the Sale and Purchase Agreements (the "Completion"), the Group would be interested in the entire equity interests of the Target Group, which would become wholly-owned subsidiaries of the Company. Accordingly, the financial information of the Target Group will be consolidated into the accounts of the Company upon the Completion.

The special resolutions relating to allot and issue the 28,000,000 Consideration Shares and the conversion shares upon exercise of the conversion rights attached to the Convertible Bond were approved by the shareholders of the Company at the Company's Annual General Meeting on 30 June 2025.

In November 2025, the Group paid RMB87 million to the Vendor which has been classified as "Prepayment for acquisition of the Target Group" under the line item of "Prepayment, Deposit And Other Receivables" in accordance with the Sale and Purchase Agreements.

23. PREPAYMENT, DEPOSIT AND OTHER RECEIVABLES (CONTINUED)

Note: Prepayment for acquisition of the Target Group (Continued)

Pursuant to the Company's announcement dated 5 January 2026, the Company announced that all the conditions precedent as set out in the Sale and Purchase Agreements have been fulfilled and the Completion took place on 5 January 2026 as agreed by the Vendor and the Purchaser in writing. Upon the Completion, the Group is interested in the entire equity interests of the Target Group, which will become wholly-owned subsidiaries of the Company and accordingly, the financial results of the Target Group will be consolidated into the accounts of the Company since the Completion.

According to the Sale and Purchase Agreement, after the Completion, the Company paid (i) RMB28 million by the allotment and issue of 28,000,000 Consideration Shares to Liancheng Fire Protection Group (Hong Kong) Company Limited ("Liancheng (HK)") as the nominee of the Vendor; (ii) RMB85 million by the issue of the Convertible Bond to Liancheng (HK) as the nominee of the Vendor; and (iii) the RMB87 million by cash that was paid in November 2025. On 5 January 2026, the Company has allotted and issued 28,000,000 Consideration Shares and the Convertible Bond to Liancheng (HK) as the nominee of the Vendor.

Taking into consideration that the Vendor is wholly owned by 中聯城消防科技集團有限公司 (Zhongliancheng Fire-Fighting Technology Group Co., Ltd., "Zhongliancheng", a limited liability company incorporated in PRC, the sole shareholder of the Vendor) which is held as to (i) 35% by Mr. Zhou Zheling (周哲凌, "Mr. Zhou ZL"), the son of Mr. Zhou Jinhui (周金輝, "Mr. Zhou"), the chairman and executive director of the Company; (ii) 30% by Ms. Jin Xianyue (金仙月, "Ms. Jin"), the mother of Mr. Zhou and Mr. Zhou Jinfeng (周金峰, "Mr. Zhou JF"), brother of Mr. Zhou; (iii) 18% by Mr. Zhou JF, the brother of Mr. Zhou; and (iv) 17% by Ms. Wang Xiang, who holds the equity interests in Zhongliancheng for and on behalf of Mr. Zhou, and the Vendor is therefore a connected person of the Company. Therefore, the Acquisition and the issue of Consideration Shares and the Convertible Bond constitute connected transactions of the Company.

Details of the above are set out in the Company's announcements dated 8 December 2024, 30 May 2025, 5 June 2025, 30 June 2025 and 5 January 2026 and the circular of the Company dated 30 May 2025.

24. AMOUNT DUE FROM A RELATED COMPANY

	Maximum debit balances for the year RMB'000	2025 RMB'000	2024 RMB'000
Amount due from a related company:			
Shanghai Lianhu Fire-fighting Equipment Company Limited (上海聯滬消防器材有限公司, “SLFE”)	698	–	698

SLFE is controlled by a director of Zhejiang Hengtai. The balance was unsecured, non-interest bearing and repayable on demand. During the year ended 31 December 2025, the amount due from a related company was fully repaid.

25. TERM DEPOSITS AND CASH AND CASH EQUIVALENTS

	2025 RMB'000	2024 RMB'000
Term deposits, shown as non-current	20,854	–
<i>Cash and cash equivalents:</i>		
Cash at banks	38,266	148,386
Cash on hand	51	40
	38,317	148,426
	59,171	148,426

The Group's term deposits represent fixed term deposits placed with banks that are denominated in RMB, bear an average fixed interest rate of 2.35% per annum and have an average maturity of 2 years.

The term deposits, cash and bank balances were denominated in Renminbi (“RMB”), which are the functional currencies of the relevant entities of the Group.

Cash at banks earns interest at floating bank deposit rates.

RMB are not freely convertible into other currencies and were subject to exchange controls in the PRC. However, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group and the Company are permitted to exchange RMB for other currencies through bank authorised to conduct foreign exchange business.

26. TRADE PAYABLES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Trade payables	<u>9,080</u>	<u>7,067</u>

The trade payables are unsecured, interest-free and has an average credit period of 2 months.

The following is an aged analysis of trade payables presented based on the invoice date at the end of reporting period:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Within 1 month	2,529	1,945
1 to 2 months	570	1,868
2 to 3 months	913	283
Over 3 months	<u>5,068</u>	<u>2,971</u>
	<u>9,080</u>	<u>7,067</u>

27. OTHER PAYABLES AND ACCRUALS

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Accruals	2,650	2,253
Rental deposits received	1,450	1,450
Other payables	976	623
Value-added tax and other tax payables	<u>879</u>	<u>203</u>
	<u>5,955</u>	<u>4,529</u>

28. AMOUNT DUE TO IMMEDIATE HOLDING COMPANY AND AMOUNTS DUE TO NON-CONTROLLING SHAREHOLDERS OF SUBSIDIARIES

The amount due to immediate holding company and amounts due to non-controlling shareholders of subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

As at 31 December 2025, 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 2027 (2024: 30 May 2026). As at 31 December 2025 and 31 December 2024, none of the Facility has been drawn down.

29. BANK BORROWINGS

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Secured bank borrowings	<u>–</u>	<u>5,790</u>
The carrying amounts of bank borrowings based on scheduled repayment dates set out in the loan agreements		
More than two years, but not more than five years, shown as non-current	<u>–</u>	<u>5,790</u>

On 12 December 2023, the Group entered into four banking facilities with a state-owned bank (“Bank A”) in the PRC, pursuant to which Bank A granted four revolving facilities with aggregate amount of RMB8,276,000 to the Group for 5 years until 11 December 2028. On 15 December 2023, four loans (“The Loans”) with aggregate principal amount of RMB5,790,000 were drawn down by the Group for a term of 3 years. The banking facilities are secured by the pledge of four building properties with aggregate carrying amount of approximately RMB7,765,000 as at 31 December 2024. The Loans bear interest at loan prime rate of the National Interbank Funding Center (全國銀行間同業拆借中心) plus 0.40% per annum and are repayable on 14 December 2026.

During the year ended 31 December 2025, the bank borrowings were fully repaid.

The Group’s borrowings are denominated in RMB.

30. DEFERRED TAX ASSETS AND LIABILITIES

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Deferred tax assets	–	(21)
Deferred tax liabilities	<u>9,723</u>	<u>8,486</u>
	<u>9,723</u>	<u>8,465</u>

Deferred taxation is calculated in full on temporary differences under the balance sheet liability method using principal taxation rate of 25% for the year (2024: 25%).

30. DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

The following are the major deferred tax assets and liabilities recognised by the Group and the movements thereon during the current and prior years:

	Gain on changes in fair value and surrender of the investment properties <i>RMB'000</i>	Other temporary differences <i>RMB'000</i>	Tax losses <i>RMB'000</i>	Total <i>RMB'000</i>
As at 1 January 2024	20,032	(3,180)	(6,787)	10,065
Credited to profit or loss	–	(454)	(1,146)	(1,600)
As at 31 December 2024 and 1 January 2025	20,032	(3,634)	(7,933)	8,465
(Credited) charged to profit or loss	–	(124)	21	(103)
Charged to other comprehensive income	1,361	–	–	1,361
As at 31 December 2025	21,393	(3,758)	(7,912)	9,723

As at 31 December 2025, the Group does not have any unused tax losses and has no material deductible temporary differences for which deferred tax assets have not been recognised.

As at 31 December 2024, the Group has not recognised deferred tax assets in respect of tax losses of approximately RMB1,009,000 and other deductible temporary differences of approximately RMB9,930,000 (including net balances of RMB488,000 regarding the temporary differences arising from right-of-use assets and lease liabilities of RMB1,003,000 and RMB1,491,000). The unused tax losses will be expired in five years from the respective dates of incurrence. Deferred tax assets have not been recognised as it is not considered probable that future taxable profits will be available against which the tax losses could be utilised.

31. PAID UP CAPITAL

	Number of ordinary shares		Share capital	
	2025 '000	2024 '000	2025 RMB'000	2024 RMB'000
Registered, issued and fully paid:				
<i>Unlisted domestic shares</i> (“Domestic shares”) at RMB0.1 each	131,870	131,870	13,870	13,187
<i>Overseas listed foreign shares</i> (“H shares”) at RMB0.1 each	<u>55,560</u>	<u>55,560</u>	<u>5,556</u>	<u>5,556</u>
	<u>187,430</u>	<u>187,430</u>	<u>18,743</u>	<u>18,743</u>

There were no movements of the Company’s registered and issued share capital for the year ended 31 December 2025 and 31 December 2024.

32. RETIREMENT BENEFIT SCHEMES

The employees of the Company and its subsidiaries in the PRC are members of a state-managed retirement benefit scheme operated by the government of the PRC. The subsidiaries are required to contribute a fixed rate of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions.

33. MAJOR NON-CASH TRANSACTIONS

Save as disclose elsewhere in the notes to consolidated financial statements, the Group had no other major non-cash transactions during the year ended 31 December 2025 and 31 December 2024.

34. CONTINGENT LIABILITIES

At 31 December 2025 and 31 December 2024, the Group had no contingent liabilities.

35. RELATED PARTIES DISCLOSURES

Save as disclosed elsewhere in these consolidated financial statements, the Group had the following transactions and balances with related parties during the year.

- (a) During the year ended 31 December 2024, the Group paid training service fee of approximately RMB5,000 for the training service provided by a related company, 上海清大東方職業技能培訓學校有限公司 (literally translated as “Shanghai Qingda Oriental Vocational Skills Training School Co., Ltd”), a company controlled by a director of Zhejiang Hengtai.
- (b) During the year ended 31 December 2024, the Group completed the acquisition (the “J.S.X. Acquisition”) of the 5% equity interest of Shanghai J.S.X. International Trading Corporation from a non-controlling interest at a cash consideration of approximately RMB613,000 pursuant to a sales and purchase agreement dated 20 October 2023 entered into between the Group and the non- controlling interest for the period of one year from July 2024 to June 2025.
- (c) During the years ended 31 December 2025 and 31 December 2024, the substantial shareholder of the Company and a non-controlling interest granted a property and land use right to a subsidiary of the Company at nil (2024: nil) consideration. The fair value of the rental of the property land use rights was RMB2,602,000 (2024: RMB1,840,000) in which RMB1,391,000 and RMB1,211,000 attributable to the Group and the non-controlling interest, respectively are credited to the capital reserves and non-controlling interest for the year (2024: amounted to RMB984,000 and RMB856,000, respectively).
- (d) **Compensation of key management personnel**

The remuneration of directors and other members of the key management during the year was as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Short-term benefits	3,567	4,104
Performance related incentive payments	–	–
Post-employment benefits	50	58
	<u>3,617</u>	<u>4,162</u>

36. CAPITAL RISK MANAGEMENT

The Group's objective of managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

The directors of the Company consider that the capital structure of the Group consists of debts, which includes lease liabilities, amounts due to related parties and amounts due to non-controlling shareholders of subsidiaries respectively, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure periodically. As part of their review, the directors consider the cost of capital and the risks associates thereto.

Based on recommendations of the directors of the Company, the Group will maintain its overall capital structure through the payment of dividends, new share issues as well as issue of new debt or the redemption of existing debt.

The Group's overall strategy remains unchanged from prior years.

37. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Financial assets		
Financial assets at amortised cost	<u>85,946</u>	<u>168,441</u>
Financial liabilities		
Financial liabilities at amortised cost	<u>15,103</u>	<u>19,824</u>

(b) Financial risk management objectives and policies

The Group's major financial assets included trade receivables, other receivables and deposits and cash and cash equivalents. The Group's major financial liabilities included trade payables, other payables and accruals, lease liabilities and secured bank borrowings. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include market risk (foreign currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

37. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (Continued)

(i) Market risk

(1) Foreign currency risk

The Group is exposed to foreign currency risk primarily arising from certain transactions, bank deposits and trade receivables that are denominated in foreign currency. The Group has not used any financial instruments to hedge against foreign currency risk. However, the management monitors foreign currency risk exposure and will consider hedging significant foreign currency exposure should the need arise.

The management considered that the Group's exposure to the foreign currency risk on financial assets and financial liabilities is not significant as almost all of them are denominated in RMB. Accordingly, no sensitivity analysis is presented.

(2) Interest rate risk

The Group's exposure to interest rate risk primarily arises from (i) lease liabilities which are measured at amortised cost, subject to fair value interest rate risk, and (ii) bank deposits with variable interest rates which are subject to cash flow interest rate risk.

As at 31 December 2024, the Group was also exposed to cash flow interest rate risk in respect of its interest-bearing bank borrowings at floating interest rates. The bank borrowing was fully settled during the year ended 31 December 2025, and accordingly, the Group had no exposure to cash flow interest rate risk relating to bank borrowings as at 31 December 2025.

The Group does not intend to seek to hedge its exposure to interest rate fluctuations. However, the Group constantly reviews the economic situation and its interest rate risk profile, and will consider appropriate hedging measures in future as may be necessary.

The following analysis demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before (or after) tax (through the impact on floating rate Interest-bearing bank borrowing) and the Group's equity as at 31 December 2024:

As at 31 December 2024, if interest rates on interest-bearing bank borrowings had been increased/decreased by 1%, with all other variables held constant, the Group's profit before tax for the year would have been decreased/increased by approximately RMB57,900 and RMB57,900, mainly as a result of higher/lower interest expense on floating rate borrowings.

37. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (Continued)

(i) Market risk (Continued)

(2) Interest rate risk (Continued)

The sensitivity analysis above has been determined assuming that the change in cash flow interest rate had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for the Group's floating rate borrowing in existence at that date. The 1% increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the end of the next annual reporting period.

(ii) Credit risk

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to trade receivables, other receivables and deposits and bank balances. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial asset.

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an on-going basis and the Group's exposure to bad debts is not significant. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In addition, the Group performs impairment assessment under ECL model on trade balances individually or based on provision matrix. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e. by geographical region, product type, customer type and rating). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The management of the Company determine to assess the impairment of trade receivable in accordance with simplified approach. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity.

37. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (Continued)

(ii) Credit risk (Continued)

	Past due						Total
	Not past due <i>RMB'000</i>	Less than 1 month past due <i>RMB'000</i>	1 to 3 months past due <i>RMB'000</i>	3 to 6 months past due <i>RMB'000</i>	6 to 12 months past due <i>RMB'000</i>	More than 1 year past due <i>RMB'000</i>	
At 31 December 2025							
Gross carrying amount <i>(RMB'000)</i>	18,255	2,483	636	819	2,569	444	25,206
Expected credit loss rate (%)	0.86%	14.52%	23.09%	29.21%	36.83%	100%	9.10%
Expected credit losses <i>(RMB'000)</i>	<u>157</u>	<u>360</u>	<u>147</u>	<u>239</u>	<u>946</u>	<u>444</u>	<u>2,293</u>
At 31 December 2024							
Gross carrying amount <i>(RMB'000)</i>	12,004	443	2,294	722	329	201	15,993
Expected credit loss rate (%)							0.01%
Expected credit losses <i>(RMB'000)</i>							<u>-77.14%</u>
Expected credit losses <i>(RMB'000)</i>							<u>366</u>

ECLs rates are based on actual loss experience. These rates are adjusted to reflect differences between economic conditions during the year over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Receivables that were neither past due nor impaired related to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired related to a number of independent customers that had a good track record with the Group. Based on past experience, management believed that no impairment allowance was necessary in respect of these balances as there had been no significant change in credit quality and the balances were still considered fully recoverable.

Movements in the loss allowance account in respect of trade receivables during the year are as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Balance at 1 January	366	274
Impairment losses recognised during the year	<u>1,927</u>	<u>92</u>
Balance at 31 December	<u>2,293</u>	<u>366</u>

37. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (Continued)

(ii) Credit risk (Continued)

The Group has concentration of credit risk as 35% (2024: 34%) and 60% (2024: 66%) of the total trade receivables was due from the Group's largest customer and the five largest customers respectively. The Group has closely monitored the recoverability of the receivables from these counterparties and taken effective measures to ensure timely collection of outstanding balances. The Group has not obtained collateral from customers.

The Group is exposed to the concentration of geographic risk on revenue which is generated mostly from customers located in the PRC. The Group has closely monitored the business performance of these customers in the PRC.

The credit risk on liquid funds is limited because management believes the counterparties are reputable banks with high credit quality.

Other receivables and deposits and amount due from a related company are measured at amortised cost. The credit risk of these financial assets is considered have not increased significantly since initial recognition. They are subject to the ECLs model and the loss allowances limited to 12 months ECLs. After applying the ECLs model, no additional loss allowance has been charged to the profit or loss during the year ended 31 December 2025 and 31 December 2024.

37. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (Continued)

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December. The amounts presented are gross carrying amounts for financial assets.

	12-month ECL	Lifetime ECL			Total RMB'000
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	
As at 31 December 2024					
Trade receivables	–	–	–	15,993	15,993
Financial assets included in prepayments, deposits and other receivables	3,690	–	–	–	3,690
Amount due from a related company	698	–	–	–	698
Cash and cash equivalents	148,426	–	–	–	148,426
	<u>152,814</u>	<u>–</u>	<u>–</u>	<u>15,993</u>	<u>168,807</u>
As at 31 December 2025					
Trade receivables	–	–	–	25,206	25,206
Financial assets included in prepayments, deposits and other receivables	3,862	–	–	–	3,862
Term deposits	20,854	–	–	–	20,854
Cash and cash equivalents	38,317	–	–	–	38,317
	<u>63,033</u>	<u>–</u>	<u>–</u>	<u>25,206</u>	<u>88,239</u>

37. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (Continued)

(iii) Liquidity risk

In the management of liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management closely monitors the borrowings as well as the cash flows from operating activities on timely basis. Having considered the factors and circumstances set out in note 3(b) to the consolidated financial statements, the directors are satisfied that the Group will have sufficient liquidity to meet its cash flows requirements for the next twelve from the end of the reporting period.

The following table details the Group's remaining contractual maturity for its derivative and non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities and the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	On demand or no fixed repayment terms RMB'000	Within 1 year RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amounts as at 31 December RMB'000
As at 31 December 2024						
Non-derivative financial liabilities						
Trade payables	4,264	2,803	–	–	7,067	7,067
Other payables and accruals	4,529	–	–	–	4,529	4,529
Amount due to immediate holding company	906	–	–	–	906	906
Amount due to non-controlling interest of subsidiaries	41	–	–	–	41	41
Secured bank borrowing	–	–	5,790	–	5,790	5,790
Lease liabilities	350	589	549	70	1,558	1,491
	<u>10,900</u>	<u>3,392</u>	<u>6,339</u>	<u>70</u>	<u>19,891</u>	<u>19,824</u>
As at 31 December 2025						
Non-derivative financial liabilities						
Trade payables	9,080	–	–	–	9,080	9,080
Other payables and accruals	5,955	–	–	–	5,955	5,955
Amount due to immediate holding company	906	–	–	–	906	906
Amount due to non-controlling interest of subsidiaries	41	–	–	–	41	41
Lease liabilities	467	197	333	–	997	936
	<u>16,449</u>	<u>197</u>	<u>333</u>	<u>–</u>	<u>16,979</u>	<u>16,918</u>

38. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Amount due to immediate holding company <i>RMB'000</i>	Amounts due to non- controlling interests <i>RMB'000</i>	Bank borrowings <i>RMB'000</i>	Lease liabilities <i>RMB'000</i>
Year ended 31 December 2024				
As at 1 January 2024	906	41	5,790	1,765
Changes from cash flows:				
Repayment of lease liabilities	–	–	–	(519)
Interest paid on bank borrowings	–	–	(179)	–
Total changes from financing cash flows:	–	–	(179)	(519)
Other changes:				
Interest expense on bank borrowings	–	–	179	–
Inception of new leases	–	–	–	867
Interest expense on lease liabilities	–	–	–	55
Termination of lease contract	–	–	–	(677)
Total other changes	–	–	179	245
As at 31 December 2024	<u>906</u>	<u>41</u>	<u>5,790</u>	<u>1,491</u>
Year ended 31 December 2025				
As at 1 January 2025	906	41	5,790	1,491
Changes from cash flows:				
Repayment of lease liabilities	–	–	–	(382)
Repayment of bank borrowings	–	–	(5,790)	–
Interest paid on bank borrowings	–	–	(47)	–
Total changes from financing cash flows:	–	–	(5,837)	(382)
Other changes:				
Interest expense on bank borrowings	–	–	47	–
Interest expense on lease liabilities	–	–	–	27
Termination of lease contract	–	–	–	(200)
Total other changes	–	–	47	(173)
As at 31 December 2025	<u>906</u>	<u>41</u>	<u>–</u>	<u>936</u>

39. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
NON-CURRENT ASSET		
Property, plant and equipment	3,729	5,299
Investment property	7,000	–
Right-of-use assets	211	586
Prepayment for acquisition of subsidiaries	87,000	–
Term deposits	10,446	–
Investments in subsidiaries	12,358	12,358
	<u>120,744</u>	<u>18,243</u>
CURRENT ASSETS		
Inventories	–	563
Trade receivables	65	484
Prepayments, deposits and other receivables	135	2,976
Amount due from a related company	–	698
Amount due from subsidiaries	11,082	10,678
Cash and cash equivalents	7,810	74,738
	<u>19,092</u>	<u>90,137</u>
CURRENT LIABILITIES		
Trade payables	1,399	528
Other payables and accruals	59	1,208
Amount due to subsidiaries	34,262	–
Amount due to immediate holding company	906	906
Lease liabilities	130	506
Tax payables	1,054	–
	<u>37,810</u>	<u>3,148</u>
NET CURRENT (LIABILITIES)/ASSETS	<u>(18,718)</u>	<u>86,989</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>102,027</u>	<u>105,232</u>

39. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

	<i>Notes</i>	2025 RMB'000	2024 RMB'000
NON-CURRENT LIABILITIES			
Deferred tax liabilities		9,672	8,413
Lease liabilities		—	—
Total Non-current Liabilities		<u>9,672</u>	<u>8,413</u>
NET LIABILITIES		<u>92,354</u>	<u>96,819</u>
CAPITAL AND RESERVES			
Share capital	<i>31</i>	18,743	18,743
Reserves	<i>40</i>	<u>73,611</u>	<u>78,076</u>
		<u>92,354</u>	<u>96,819</u>

40. RESERVES OF THE COMPANY

	Share premium <i>RMB'000</i>	Capital reserves <i>RMB'000</i>	Statutory reserve fund <i>RMB'000</i>	Discretionary common reserve fund <i>RMB'000</i>	Asset revaluation reserve <i>RMB'000</i>	Retained profits <i>RMB'000</i>	Total <i>RMB'000</i>
As at 1 January 2024	10,910	25,134	6,643	1,500	—	36,004	80,191
Loss for the year and total comprehensive expenses	—	—	—	—	—	(2,115)	(2,115)
As at 31 December 2024 and 1 January 2025	10,910	25,134	6,643	1,500	—	33,889	78,076
Loss for the year and total comprehensive expenses	—	—	—	—	4,085	(8,550)	(4,465)
As at 31 December 2025	<u>10,910</u>	<u>25,134</u>	<u>6,643</u>	<u>1,500</u>	<u>4,085</u>	<u>25,339</u>	<u>73,611</u>

41. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Details of the Company's principal subsidiaries, all of which are incorporated with limited liability as follows:

Name of subsidiary	Place of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company		Principal activity
			Direct	Indirect	
上海黎明消防檢測有限公司** (Shanghai Liming Fire Testing Co., Limited)	PRC	RMB5,000,000	100%	100%	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	99%	99%	Provision of management services
上海安航海上海消防設備有限公司 (Shanghai An Hang Marine Fire-Fighting Equipment Co., Limited) (“Shanghai An Hang”)	PRC	RMB5,000,000	99%	99%	Sales of marine fire-fighting equipment and provision of related installation and inspection services
上海元奉高壓容器有限公司 (Shanghai Yuanfeng Pressure Vessels Co., Limited)	PRC	RMB5,000,000	94.05%	94.05%	Inactive
上海元蓬國際貿易有限公司 (Shanghai J.S.X. International Trading Corporation)	PRC	RMB5,000,000	99%	99%	Trading of pressure vessels
上海高壓特種氣瓶有限公司 (Shanghai Pressure Special Gas Cylinder Co., Limited) (“Special Cylinder”) (Note (a))	PRC	RMB19,170,000	59.4%	59.4%	Lease of industrial properties
上海荻野生物科技有限公司 (Shanghai Ogino Biotechnology Co., Limited) (“Shanghai Ogino”) (Note (b))	PRC	RMB4,000,000	44.1%	44.1%	Manufacture and sale of aquarium products

41. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Name of subsidiary	Place of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company		Principal activity
			Direct	Indirect	
寧波狄野生物科技有限公司 (Ningbo Ogino Biotechnology Co., Limited) (“Ningbo Ogino”) (Note b))	PRC	RMB1,000,000	44.1%	44.1%	Sales of aquarium products
上海湯婆婆智能科技有限公司 (Shanghai TangPoPo Intelligence Technology Co., Ltd) (“Shanghai TangPoPo”)	PRC	RMB\$1,000,000	44.1%	44.1%	Sales of aquarium products

Notes:

- (a) Pursuant to shareholders agreement, the profit of Special Cylinder would be shared by Anchor and the non-controlling interest (上海洋涇工業公司 (literally translated as “Shanghai Yangjing Industrial Co”)), at 54% and 46%, respectively.
- (b) The Company, through its non-wholly owned subsidiary, has a majority voting right in the board of directors of Shanghai Ogino, Ningbo Ogino and Shanghai TangPoPo so as to directly control its operating, financing and relevant activities through the respective board of directors. Shanghai Ogino, Ningbo Ogino and Shanghai TangPoPo are accounted for as subsidiaries of the Group by virtue of the Company’s control over them.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results or net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

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

The principal activities are carried out in the place of incorporation/establishment.

None of the subsidiaries had any debt securities subsisting at the end of the year or at any time during the year.

42. NON-CONTROLLING INTERESTS

Details of the Group's subsidiaries that have material non-controlling interests are set out below:

	2025	2024
Percentage of equity held by non-controlling interests:		
Special Cylinder	41%	41%
Shanghai Ogino	56%	56%
Ningbo Ogino	<u>56%</u>	<u>56%</u>
Percentage of profit sharing to non-controlling interests:		
Special Cylinder	46%	46%
Shanghai Ogino	56%	56%
Ningbo Ogino	<u>56%</u>	<u>56%</u>
	2025	2024
	RMB'000	RMB'000
Profit (loss) for the year allocated to non-controlling interests:		
Special Cylinder	(74)	2,007
Shanghai Ogino	1,760	1,389
Ningbo Ogino	1,626	1,874
Individually immaterial subsidiaries with non-controlling interests	<u>2,088</u>	<u>248</u>
	<u>5,400</u>	<u>5,518</u>
Accumulated balances of non-controlling interest at the reporting date:		
Special Cylinder	4,795	4,702
Shanghai Ogino	13,428	11,668
Ningbo Ogino	7,488	5,862
Individually immaterial subsidiaries with non-controlling interests	<u>3,110</u>	<u>1,171</u>
	<u>28,821</u>	<u>23,403</u>

Summarized financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarized financial information below represents amounts before intergroup eliminations.

42. NON-CONTROLLING INTERESTS (CONTINUED)

	Special Cylinder RMB'000	Shanghai Ogino RMB'000	Ningbo Ogino RMB'000
As of and for the year ended 31 December 2024			
Year ended 31 December 2024			
Revenue	5,923	27,676	34,372
Total expenses	(2,174)	(25,358)	(31,023)
Profit for the year	4,313	2,485	3,354
Total comprehensive income for the year	<u>4,313</u>	<u>2,485</u>	<u>3,354</u>
As at 31 December 2024			
Non-current assets	11,121	2,039	12,108
Current assets	33,040	21,551	8,281
Current liabilities	(2,589)	(2,747)	(3,111)
Non-current liabilities	–	–	(5,803)
	<u>41,572</u>	<u>20,843</u>	<u>11,475</u>
Year ended 31 December 2024			
Net cash flows used in operating activities	2,934	2,837	1,461
Net cash flows generated from investing activities	564	5	(790)
Net cash flows generated from financing activities	–	(179)	–
Net increase in cash and cash equivalents	<u>3,498</u>	<u>2,663</u>	<u>671</u>
As of and for the year ended 31 December 2025			
Year ended 31 December 2025			
Revenue	3,038	35,860	32,910
Total expenses	(3,751)	(31,141)	(30,426)
Profit for the year	159	3,149	2,909
Total comprehensive income for the year	<u>159</u>	<u>3,149</u>	<u>2,909</u>
As at 31 December 2025			
Non-current assets	21,529	3,207	12,065
Current assets	18,212	23,443	12,648
Current liabilities	(2,980)	(2,511)	(7,145)
Non-current liabilities	(16)	(148)	(13)
	<u>36,745</u>	<u>23,991</u>	<u>17,555</u>
Year ended 31 December 2025			
Net cash flows generated from operating activities	554	3,699	651
Net cash flows used in investing activities	(15,408)	(9,263)	(864)
Net cash flows generated from used in financing activities	333	–	(148)
Net decrease in cash and cash equivalents	<u>(14,521)</u>	<u>(5,564)</u>	<u>(361)</u>

43. COMPARATIVE FIGURES

During the year ended 31 December 2025, comparative figures regarding the line items of “other income, gains and losses, net”, “Impairment of goodwill” and “(Provision for)/Reversal of expected credit loss (“ECL”) allowance on trade receivables, net” were combined into the line item of “other income, gains and losses, net” in consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2025 and hence, such comparative figures have been reclassified to conform with the current year’s presentation of the Group:

In the opinion of the directors of the Company, the reclassification made to the comparative figures has insignificant impact on the Group’s consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2025.

44. EVENT AFTER THE END OF REPORTING PERIOD

Pursuant to the special resolution passed at the extraordinary general meeting held on 16 March 2026, the Chinese name of the Company was changed from “上海青浦消防器材股份有限公司” to “清大東方集團股份有限公司”, and the English name of the Company was changed from “Shanghai Qingpu Fire-Fighting Equipment Co., Ltd.” to “Qingda Oriental Group Co., Ltd.”.

Except for the above and save as disclosed elsewhere in the consolidated financial statements, the Group does not have significant event after the end of reporting period.

45. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 27 March 2026.

INDEPENDENT AUDITOR’S REPORT

**TO THE MEMBERS OF
SHANGHAI QINGPU FIRE-FIGHTING EQUIPMENT CO., LTD.**
(A joint stock limited company established in the People’s Republic of China)

OPINION

We have audited the consolidated financial statements of Shanghai Qingpu Fire-Fighting Equipment Co., Ltd. (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 2 to 91, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IASB”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSA”) issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the HKICPA’s *Code of Ethics for Professional Accountants* (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTERS (CONTINUED)

Expected credit loss (“ECL”) allowance on trade receivables

Key audit matter	How the matter was addressed in our audit
<p>As disclosed in note 22 to the consolidated financial statements, as at 31 December 2025, the Group had trade receivables, net of ECL allowance amounted to approximately RMB22,913,000.</p> <p>The estimation of ECL allowance on trade receivables is dependent upon management’s significant judgements and high level of estimation uncertainty, which includes making key assumptions and selecting inputs, including historical loss rates, forward-looking information and macroeconomic environment.</p> <p>We have identified the estimation of ECL allowance of trade receivables as a key audit matter because of their significant to the consolidated financial statements as a whole and the involvement of a significant degree of management judgement and estimation and may be subject to management bias.</p>	<p>Our procedures in relation to the estimation of ECL allowance of trade receivables included, among others, the following:</p> <ul style="list-style-type: none">(i) To enquiry the management in understanding the approach applied on ECL model of trade receivables.(ii) To review the judgement and estimates used by the management in the process of estimation of ECL allowance of trade receivables and challenge the reasonableness of the key assumptions and inputs apply on the ECL model, including historical loss rates, forward-looking information and macroeconomic environment.(iii) To test the ageing of trade receivables at the end of the reporting period on a sampling basis.(iv) To perform recalculation based on the above key assumptions and input data to ensure the accuracy of the ECL amount of trade receivables.

Net realisable value of inventories

Key audit matter

As disclosed in note 21 to the consolidated financial statements, as at 31 December 2025, the Group had inventories, net of impairment amounted to approximately RMB8,935,000.

The estimation of net realisable value of inventories is dependent upon management's significant judgements and high level of estimation uncertainty, which includes making key assumptions and selecting inputs, including the condition of inventories, the estimated selling prices in the ordinary course of business, the estimated costs of completion and cost and the estimated costs necessary to make the sale.

We have identified the estimation of net realisable value of inventories as a key audit matter because of their significant to the consolidated financial statements as a whole and the involvement of a significant degree of management judgement and estimation and may be subject to management bias.

How the matter was addressed in our audit

Our procedures in relation to the estimation of net realisable value of inventories included, among others, the following:

- (i) To enquire the management in understanding the approach applied on estimation of net realizable value of inventories.
- (ii) To review the judgements and estimates used by the management in the process of estimation of net realisable value of inventories and challenge the reasonableness of the key assumptions and inputs apply on the estimation of net realisable value of inventories, including the condition of inventories, the estimated selling prices in the ordinary course of business, the estimated costs of completion and cost and the estimated costs necessary to make the sale.
- (iii) To test the ageing of inventories at the end of the reporting period on a sampling basis.
- (iv) To perform recalculation based on the above key assumptions and input data to ensure the accuracy of the estimation of net realizable value of inventories.

OTHER MATTERS

The consolidated financial statements of the Group for the year ended 31 December 2024, were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on 3 March 2025.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS OF THE COMPANY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors of the Company determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors of the Company are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibility in this regard.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this announcement.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Company.
- Conclude on the appropriateness of the Company's directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors of the Company, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Fok Tat Choi.

ZSZH (HK) Fuson CPA Limited
Certified Public Accountants

Fok Tat Choi
Practising Certificate Number: P06895

27 March 2026

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

REVENUE

For the year ended 31 December 2025, the Group recorded revenue of approximately RMB92,374,000 (year ended 31 December 2024: RMB84,460,000), representing an increase of approximately 9.4% over last year mainly because of the increase in sales of aquarium products and marine fire-fighting equipment.

GROSS PROFIT

For the year ended 31 December 2025, the Group recorded overall gross profit of approximately RMB24,307,000 (year ended 31 December 2024: RMB25,068,000). The gross profit ratio was approximately 26.3% comparing to approximately 29.7% for the year ended 31 December 2024. The decrease was mainly due to increase in sales of marine fire fighting equipment, which yield a lower profit margin compared to the Group's other products.

OTHER INCOME AND GAINS

Other income and gains increased from approximately RMB2,296,000 for the year ended 31 December 2024 to approximately RMB4,688,000 for the year ended 31 December 2025 mainly due to no impairment loss recognised for goodwill for the year ended 31 December 2025.

SELLING AND DISTRIBUTION EXPENSES

For the year ended 31 December 2025, the Group's selling and distribution expenses increased to approximately RMB3,942,000 from RMB3,581,000, representing an increase of approximately 10.1%. This was mainly due to the increase in sales of aquarium products.

ADMINISTRATIVE EXPENSES

For the year ended 31 December 2025, the Group's administrative expenses amounted to approximately RMB20,372,000, (year ended 31 December 2024: approximately RMB14,555,000), representing an increase of 40.0% comparing to the year ended 31 December 2024. The increase in administrative expenses was mainly due to increased legal and professional fees related to the Acquisition and increase in expected credit losses.

FINANCE COSTS

Finance costs for the year ended 31 December 2025 amounted to RMB74,000 (year ended 31 December 2024: RMB234,000), representing a decrease of approximately 68.4%. The finance costs mainly consisted of interest expenses on bank borrowings.

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 (2024: Nil).

According to the relevant announcements of income tax relief policy for small low-profit enterprises issued by the State Administration of Taxation, a lower corporate income tax (“CIT”) rate is applicable to small scale enterprises with low profitability that meet certain conditions, pursuant to which, the subsidiaries qualified as small scale enterprises with assessable profits not over RMB3,000,000 are effectively taxable at 5% (i.e. 20% CIT rate on the 25% of the assessable profits) for the year ended 31 December 2025 and 2024. CIT for other companies in the Group is calculated at a rate of 25% (2024: 25%) on the respective companies’ estimated assessable profits for the years ended 31 December 2025 and 2024.

DEFERRED TAX

As at 31 December 2025, the Group maintained deferred tax liabilities of approximately RMB21,393,000, of which RMB20,032,000 related to the gain arising from the surrender of investment properties under a land resumption arrangement completed in prior years. The final tax treatment of such gain remains subject to confirmation by the relevant PRC tax authority. The Group will continue to liaise with the tax authority and make any necessary adjustments in accordance with the final tax determination, if applicable.

NON-CONTROLLING INTERESTS

For the year ended 31 December 2025, profit for the year attributable to non-controlling interests is approximately RMB5,400,000 (year ended 31 December 2024: RMB5,518,000).

(LOSS)/PROFIT ATTRIBUTABLE TO THE OWNERS OF THE COMPANY

For the year ended 31 December 2025, the Group recorded loss attributable to the owners of the Company of approximately RMB4,076,000 (year ended 31 December 2024: profit RMB4,350,000). The swing from profit to loss was primarily attributable to the increase of administrative expenses due to increase in legal and professional expenses related the Acquisition, expected credit losses and income tax expenses.

NET CURRENT ASSETS

As at 31 December 2025, the Group had current assets of approximately RMB72,539,000, based on which, the current ratio was 4.0 (31 December 2024: 12.9). The increase was mainly caused by the decrease in cash and cash equivalents. The current liabilities increased from RMB13,799,000 as at 31 December 2024 to RMB18,125,000 as at 31 December 2025, mainly attributable to the net of the increase in trade payables and other payables and accruals. Current assets as at 31 December 2025 mainly comprised of inventories of approximately RMB8,935,000 (31 December 2024: RMB9,558,000), trade receivables of approximately RMB22,913,000 (31 December 2024: RMB15,627,000), prepayments, deposits and other receivables of approximately RMB2,374,000 (31 December 2024: RMB4,365,000) and cash and cash equivalents of approximately RMB38,317,000 (31 December 2024: RMB148,426,000). The inventories turnover days for the year was 49.6 days (31 December 2024: 63 days). Trade receivables increased by 46.6% mainly due to the increase in sales of aquarium products and marine fire-fighting equipment. Current liabilities mainly comprised of trade payables of approximately RMB9,080,000 (31 December 2024: RMB7,067,000), other payables and accruals of approximately RMB5,955,000 (31 December 2024: RMB4,529,000) and lease liabilities of approximately RMB645,000 (31 December 2024: RMB1,083,000).

GEARING RATIO

The Group's gearing ratio as at 31 December 2025 was 15.6% (31 December 2024: 16.4%), which is expressed as a percentage of the total liabilities divided by the total equity. The gearing ratio was lower comparing to the year ended 31 December 2024 reflecting improved financial stability.

CHARGE ON ASSETS OF THE GROUP

As detailed in note 29 to the consolidated financial statements, the interest-bearing bank borrowings are secured by the pledge of four building properties, with carrying amount of RMB7,765,000 as at 31 December 2024. The bank borrowings were fully repaid during the year ended 31 December 2025.

COMMITMENTS

The Group did not have significant commitments as at 31 December 2025.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

Save as disclosed in Note 23 ("Prepayment, Deposit and Other Receivable") to the consolidated financial statements, there were no significant investments held, nor were there any material acquisitions or disposal of subsidiaries and associated companies made by the Group during the year ended 31 December 2025 and up to the date of this annual report.

CONTINGENT LIABILITIES

There were no significant contingent liabilities at 31 December 2025.

LITIGATIONS

There were no significant litigation at 31 December 2025.

CAPITAL STRUCTURE AND FINANCIAL RESOURCES

As at 31 December 2025, the Group had net assets of approximately RMB180,761,000 (31 December 2024: RMB173,943,000). The Group's operations are financed principally by internal sources, secured interest-bearing bank borrowings and shareholders' equity.

As at 31 December 2025, 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 2027 (2024: 30 May 2026). As at 31 December 2025 and 2024, none of the Facility has been drawn down.

EMPLOYEES

As at 31 December 2025, the Group had 89 employees (2024: 98 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 Group is required to make contributions to a central pension scheme operated by the local municipal government 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 Group's performance for the 2025 financial year was characterized by a positive trend in turnover, driven primarily by robust sales in aquarium products and marine fire-fighting equipment. This growth effectively offset a decrease in inspection services, with sustained momentum in these key segments positioning the Group for operation growth despite the statutory loss.

A significant strategic pivot occurred in late 2025 following the expiration of manufacturing licenses for the Group’s fire extinguisher and pressure cylinder products. The Board resolved to transition to an outsourcing model, subcontracting all related production to qualified, licensed manufacturers. This strategic realignment is designed to:

- Lower Costs: Reduce administrative overhead and environmental compliance expenditures.
- Enhance Efficiency: Improve production agility and operational flexibility.
- Optimize Resource Allocation: Concentrate the Group’s resources on high-value areas, including product development, marketing, and quality assurance.

This transition has not impacted the Group’s ability to meet customer demand, as all subcontractors maintain strict compliance with relevant PRC and international standards.

The Group reached a major milestone with the successful completion of a very substantial acquisition and connected transaction (the “Acquisition”). The target group of the Acquisition (the “Target Group”) comprises Qingda Oriental Fire Technology Group Co., Ltd. and its subsidiaries. Following the completion on 5 January 2026, the Target Group became wholly-owned subsidiaries of the Company, and their financial results will be consolidated into the Group’s accounts. This Acquisition marks a strategic evolution from primary equipment manufacturing toward a diversified structure integrating fire safety training and education services.

PROSPECT

Looking ahead to 2026, the Group is focused on the seamless integration of the Target Group to realize synergies between the existing equipment business and the newly acquired training services in order to improve profitability. To better reflect this comprehensive positioning as a fire safety technology and service provider, the Board has proposed changing the Company name to “Qingda Oriental Group Co., Ltd.”. Following the Extraordinary General Meeting (EGM) held on 16 March 2026, the special resolutions regarding the Proposed Change of Company Name and the corresponding amendments to the Articles of Association were duly passed by the Shareholders. While the shareholder approval requirement has been satisfied, the Proposed Change of Company Name remains subject to the completion of all necessary filings with the Companies Registry in Hong Kong.

The Group remains committed to sustainable growth through:

- **Organic Expansion and Innovation:** Strengthening market leadership and pursuing growth within core business areas.
- **Strategic Consolidation:** Continuously evaluating the portfolio to restructure or dispose of non-core segments to optimize resource efficiency.
- **Comprehensive Service Offerings:** Delivering integrated fire safety solutions that combine high-quality equipment supply with professional training.

While optimistic, the Group remains vigilant regarding macroeconomic challenges, including fluctuations in raw material prices, rising labor costs, and foreign exchange volatility. The Board believes the Group's strong financial position and prudent risk management strategies will provide the necessary resilience to support long-term value creation for Shareholders.

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 People's Republic of China which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2025 (2024: Nil).

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.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company as at 31 December 2025, calculated under the Company Law of the People’s Republic of China (the “PRC”, being the jurisdiction in which the Company were established) amounted to approximately RMB29,331,000.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

The Company adopted the Corporate Governance Code (the “CG Code”) contained in Part 2 of Appendix C1 to the GEM Listing Rules as its own code of corporate governance. The Board is satisfied that the Company had complied with all applicable code provisions of the CG Code during the year ended 31 December 2025.

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

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 ended 31 December 2025 comprises of Zhu Yi Juan, Wang Guo Zhong and Song Zi Zhang, who are independent non-executive Directors. Zhu Yi Juan possess appropriate professional qualification and financial experience.

The audit committee has reviewed the Group’s audited consolidated financial statements for the year ended 31 December 2025.

SCOPE OF WORK OF AUDITOR

The figures in respect of the preliminary announcement of the Group’s results for the year ended 31 December 2025 have been agreed by the Company’s auditor, ZSZH (HK) Fuson CPA Limited (“ZSZH (HK)”), to the amounts set out in the Company’s consolidated financial statements for the year ended 31 December 2025. The work performed by ZSZH (HK) 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 ZSZH (HK) on the preliminary announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This results announcement is published on the GEM website at www.hkgem.com and the Company's website at www.shanghaiqingpu.com. The annual report of the Company for the year ended 31 December 2025 will be dispatched to the shareholders of the Company and will be available on the respective websites of the Stock Exchange and the Company in due course.

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

Shanghai, 27 March 2026

As at the date of this announcement, the executive Directors are Mr. Zhou Jin Hui (Chairman), Mr. Shi Hui Xing and Mr. Zhou Guo Ping; and the independent non-executive Directors are Mr. Wang Guo Zhong, Ms. Zhu Yi Juan and Mr. Song Zi Zhang.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange of Hong Kong Limited (the "GEM") 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 will remain on the "Latest Company Announcements" page of the GEM website at <http://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.