ZHI SHENG GROUP HOLDINGS LIMITED
智昇集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8370

THIRD QUARTERLY REPORT
2022/23

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

FINANCIAL RESULTS

The board of Directors of the Company (the "**Board**") is pleased to present the unaudited condensed consolidated results of the Group for the three months and the nine months ended 31 March 2023, together with the comparative unaudited figures for the three months and the nine months ended 31 March 2022 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE THREE MONTHS AND NINE MONTHS ENDED 31 MARCH 2023

	Notes	**For the three months ended 31 March**		**For the nine months ended 31 March**	
		2023	2022	**2023**	2022
		RMB'000	RMB'000	**RMB'000**	RMB'000
			Restated		Restated
		(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Revenue	5	**17,460**	35,016	**88,219**	109,820
Cost of sales		**(15,219)**	(29,808)	**(80,673)**	(102,630)
Gross profit		**2,241**	5,208	**7,546**	7,190
Other income, net	6	**1,095**	1,886	**4,134**	4,459
Selling and distribution expenses		**(1,382)**	(2,037)	**(4,978)**	(6,044)
Administrative and other expenses		**(4,950)**	(5,920)	**(15,341)**	(27,301)
Impairment loss on assets		**(1,059)**	(493)	**(2,300)**	(5,042)
Loss from operations		**(4,055)**	(1,356)	**(10,939)**	(26,738)
Finance costs	7	**(2,434)**	(2,191)	**(7,430)**	(6,023)
Loss before income tax		**(6,489)**	(3,547)	**(18,369)**	(32,761)
Income tax credit/(expense)	8	**46**	(448)	**(309)**	372
Loss for the period attributable to the owners of the Company		**(6,443)**	(3,995)	**(18,678)**	(32,389)
Other comprehensive income/(loss) for the period after tax:					
Item that may be reclassified subsequently to profit or loss:					
Exchange differences on translating foreign operations		**709**	206	**(1,186)**	1,199
Total comprehensive expense for the period attributable to the owners of the Company		**(5,734)**	(3,789)	**(19,864)**	(31,190)
Loss per share	10				
— Basic and diluted (RMB cents)		**(0.71)**	(0.44)	**(2.06)**	(3.57)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE NINE MONTHS ENDED 31 MARCH 2023

	Share capital RMB'000	Share premium RMB'000	Convertible bond equity reserve RMB'000	Share option reserve RMB'000	Other reserve RMB'000	Statutory reserve RMB'000	Foreign exchange reserve RMB'000	Retained earnings/ (Accumulated losses) RMB'000	Total RMB'000
As at 1 July 2021 (Unaudited)	8,016	187,196	7,337	–	(11,131)	4,521	(9,461)	(25,307)	161,171
Loss for the period	–	–	–	–	–	–	–	(32,389)	(32,389)
Other comprehensive income:									
Exchange difference arising on translating of foreign operations	–	–	–	–	–	–	1,199	–	1,199
Total comprehensive expense for the period	–	–	–	–	–	–	1,199	(32,389)	(31,190)
Recognition of equity-settled share-based payment expense	–	–	–	14,095	–	–	–	–	14,095
Issue of convertible bonds	–	–	1,062	–	–	–	–	–	1,062
Transfer to statutory reserves	–	–	–	–	–	55	–	(55)	–
As at 31 March 2022 (Unaudited)	8,016	187,196	8,399	14,095	(11,131)	4,576	(8,262)	(57,751)	145,138
As at 1 July 2022 (Audited)	**8,016**	**187,196**	**22,217**	**16,575**	**(11,131)**	**4,608**	**(11,422)**	**(88,138)**	**127,921**
Loss for the period	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(18,678)**	**(18,678)**
Other comprehensive income:									
Exchange difference arising on translating of foreign operations	**–**	**–**	**–**	**–**	**–**	**–**	**(1,186)**	**–**	**(1,186)**
Total comprehensive expense for the period	**–**	**–**	**–**	**–**	**–**	**–**	**(1,186)**	**(18,678)**	**(19,864)**
Recognition of equity-settled share-based payment expense	**–**	**–**	**–**	**2,843**	**–**	**–**	**–**	**–**	**2,843**
Issue of convertible bond	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Transfer to statutory reserve	**–**	**–**	**–**	**–**	**–**	**135**	**–**	**(135)**	**–**
As at 31 March 2023 (Unaudited)	**8,016**	**187,196**	**22,217**	**19,418**	**(11,131)**	**4,743**	**(12,608)**	**(106,951)**	**110,900**

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 31 MARCH 2023

1. CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands with limited liability on 4 March 2016. The address of its registered office is Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands. Its principal place of business in Hong Kong is at Room 747, 7/F, Star House, 3 Salisbury Road, Kowloon, Hong Kong and its headquarters is at 3/F, 222 Tianren Road, Gaoxin District, Chengdu City, Sichuan Province, the People's Republic of China (the "**PRC**").

The Company is an investment holding company. The Group is principally engaged in the manufacture and sales of furniture products in the PRC; and started to engage in data centre business in the PRC and Hong Kong from January 2020. In June 2021, 北京萬諾通科技有限公司 (Beijing Wannuotong Technology Company Limited) ("**WNT**"), a subsidiary of the Group, and Gu'an Fu'ai Electronics Co. Ltd. ("**Gu'an Fu'ai**") entered into a management agreement to commence buildout management service.

The shares of the Company were listed on GEM on 20 January 2017.

2. BASIS OF PREPARATION

The financial period of the 2022/23 third quarterly report of the Group covers the nine months from 1 July 2022 to 31 March 2023, while that of comparative figures covers the nine months from 1 July 2021 to 31 March 2022.

The Group's unaudited condensed consolidated financial statements for the nine months ended 31 March 2023 and the comparable figures for last year have not been audited, which have been prepared in accordance with Hong Kong Accounting Standards 34 ("**HKAS 34**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and disclosure provisions under the Rules Governing the Listing of Securities on GEM of the Stock Exchange.

Other than the adoption of the new and revised Hong Kong Financial Reporting Standards ("**HKFRSs**") during the accounting period from 1 July 2022, the basis of preparation and accounting policies adopted in the preparation of such unaudited condensed consolidated financial statements are the same as those followed in the preparation of the audited financial statements of the Group for the eighteen months ended 30 June 2022.

The unaudited condensed consolidated financial statements are prepared on the historical cost basis.

3. SEGMENT REPORTING

The operating segments are determined with reference to the reports and financial information reviewed by the Company's executive directors responsible for financial and accounting matters for the purpose of assessment of performance and resource allocation.

For the nine months ended 31 March 2023 ("**Reporting Period**"), the Group has three reportable segments, which is manufacture and sale of furniture products, data centre business and buildout management service. For the convenience of comparison, the data centre business for the corresponding period in 2021 was restated according to the annual audit opinion, and had been sub-divided into the data centre segment and the buildout management service segment. The "Net revenue from buildout management agreement services" was also excluded from "Other income, net" in the condensed consolidated statement of profit or loss and other comprehensive income and was restated to "Revenue" and "Cost of sales". The following summarises the operation of each reportable segment of the Group:

- Manufacture and sale of furniture products segment — manufacture and sale of furniture products in the PRC for selling to the domestic PRC market;

- Data centre segment — data centre business in the PRC and Hong Kong and provision of information technology management service; and

- Buildout management service segment — provide engineering and management service for buildout projects in the PRC.

(a) **Reportable segment revenue and results**

	Manufacture and sale of furniture products For the nine months ended 31 March		Data centre For the nine months ended 31 March		Buildout management service For the nine months ended 31 March		Total For the nine months ended 31 March	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
				Restated		Restated		Restated
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
Segment revenue								
Sale of furniture products	**36,988**	42,000	**–**	–	**–**	–	**36,988**	42,000
Information technology management service	**–**	–	**1,400**	626	**–**	–	**1,400**	626
Internet access connection service	**–**	–	**227**	321	**–**	–	**227**	321
Data centre operating and security service	**–**	–	**43**	817	**–**	–	**43**	817
Rental of server racks	**–**	–	**16,358**	14,693	**–**	–	**16,358**	14,693
Buildout management service	**–**	–	**–**	–	**33,203**	51,363	**33,203**	51,363
	36,988	42,000	**18,028**	16,457	**33,203**	51,363	**88,219**	109,820
Segment results	**(9,748)**	(16,457)	**252**	(3,825)	**1,157**	5,737	**(8,339)**	(14,545)
Unallocated expenses*							**(5,604)**	(15,179)
Other income							**2,680**	2,351
Interest expense on convertible bonds							**(7,106)**	(5,388)
Loss before income tax							**(18,369)**	(32,761)

* Unallocated expenses comprised mainly of the equity-settled share-based payments, the expenses of the Group's office in Hong Kong which were not directly attributable to the business activities of any operating segment.

(b) Other segment information

	Manufacture and sale of furniture products For the nine months ended 31 March		Data centre For the nine months ended 31 March		Buildout management service For the nine months ended 31 March		Unallocated For the nine months ended 31 March		Total For the nine months ended 31 March	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)	**2023 RMB'000 (Unaudited)**	2022 RMB'000 (Unaudited)	**2023 RMB'000 (Unaudited)**	2022 RMB'000 (Unaudited)	**2023 RMB'000 (Unaudited)**	2022 RMB'000 (Unaudited)	**2023 RMB'000 (Unaudited)**	2022 RMB'000 (Unaudited)
Bank interest income	**29**	47	**126**	75	**–**	–	**39**	1	**194**	123
Interest income from other receivables	**602**	560	**396**	818	**–**	–	**–**	–	**998**	1,378
Interest income from loan receivables	**–**	–	**–**	–	**–**	–	**2131**	1,937	**2131**	1,937
Interest income arising from unwinding contract assets with significant financing component	**129**	141	**–**	–	**–**	–	**–**	–	**129**	141
Interest expense on lease liabilities	**16**	10	**308**	625	**–**	–	**–**	–	**324**	635
Interest expense on convertible bonds	**–**	–	**–**	–	**–**	–	**7,106**	5,388	**7,106**	5,388
Amortisation of intangible assets	**–**	–	**–**	4,205	**–**	–	**–**	–	**–**	4,205
Depreciation of right-of-use assets	**372**	508	**2,494**	8,794	**–**	–	**–**	–	**2,866**	9,302
Depreciation of property, plant and equipment	**3,358**	3,235	**–**	–	**–**	–	**–**	–	**3,358**	3,235
Loss on written off and disposal of property, plant and equipment	**55**	47	**–**	–	**–**	–	**–**	–	**55**	47
Impairment loss on trade and other receivables	**1,739**	5,042	**561**	–	**–**	–	**–**	–	**2,300**	5,042
Addition to property, plant and equipment	**804**	2,602	**–**	–	**–**	–	**–**	–	**804**	2,602
Addition to right-of-use assets	**449**	–	**–**	–	**–**	–	**–**	–	**449**	–

(c) Geographical information

The Company is an investment holding company incorporated in the Cayman Islands and the principal place of the Group's operations is the PRC. Accordingly, the management determines the Group is domiciled in the PRC.

	For the three months ended 31 March		For the nine months ended 31 March	
	2023	2022	**2023**	2022
	RMB'000	RMB'000	**RMB'000**	RMB'000
		Restated		Restated
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Revenue from external customers				
The PRC	**17,447**	35,013	**88,179**	109,544
Hong Kong, the PRC	**13**	3	**40**	276
	17,460	35,016	**88,219**	109,820

The geographical location of revenue allocated is based on the location at which the goods were delivered and the service was rendered. No geographical location of non-current assets is presented as all of the Group's non-current assets are physically based in the PRC.

(d) Information about major customer

The Group's customer base is diversified and includes only the following customers with whom transactions have exceeded 10% of the Group's revenue. During the Reporting Period, revenue attributed to Customer A from the buildout management service segment and Customer B from the manufacture and sale of furniture products segment are as follows:

	For the three months ended 31 March		For the nine months ended 31 March		
	2023	2022	**2023**	2022	From reporting segment
	RMB'000	RMB'000	**RMB'000**	RMB'000	
		Restated		Restated	
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	
Customer A	**N/A**	19,683	**33,203**	51,363	Buildout management service
Customer B	**3,653**	–	**N/A**	–	Manufacture and sale of furniture products

N/A: represents transactions during the period which did not exceed 10% of the Group's revenue.

4. REVENUE

	For the three months ended 31 March		For the nine months ended 31 March	
	2023	2022	**2023**	2022
	RMB'000	RMB'000	**RMB'000**	RMB'000
		Restated		Restated
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Revenue from contracts with customer within the scope of HKFRS 15				
Sale of furniture products	**10,100**	9,894	**36,988**	42,000
Information technology management service	**373**	361	**1,400**	626
Internet access connection service	**74**	82	**227**	321
Data centre operating and security service	**43**	309	**43**	817
Buildout management service	**1,465**	19,683	**33,203**	51,363
	12,055	30,329	**71,861**	95,127
Revenue from other sources				
Rental of server racks	**5,405**	4,687	**16,358**	14,693
	17,460	35,016	**88,219**	109,820

Disaggregation of revenue from contracts with customer within the scope of HKFRS 15 by the timing of revenue recognition is as follows:

	For the three months ended 31 March		For the nine months ended 31 March	
	2023	2022	**2023**	2022
	RMB'000	RMB'000	**RMB'000**	RMB'000
		Restated		Restated
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Timing of revenue recognition				
At a point in time	**10,100**	9,894	**36,988**	42,000
Over time	**1,955**	20,435	**34,873**	53,127
	12,055	30,329	**71,861**	95,127

During the Reporting Period, the Group's revenue is divided into three parts by reporting segment: sale of furniture products, data centre business and buildout management service, with an analysis as follows:

	For the three months ended 31 March		For the nine months ended 31 March	
	2023	2022	**2023**	2022
	RMB'000	RMB'000	**RMB'000**	RMB'000
		Restated		Restated
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Sale of furniture products	**10,100**	9,894	**36,988**	42,000
Data centre business	**5,895**	5,439	**18,028**	16,457
Buildout management service	**1,465**	19,683	**33,203**	51,363
	17,460	35,016	**88,219**	109,820

5. OTHER INCOME, NET

	For the three months ended 31 March		For the nine months ended 31 March	
	2023	2022	**2023**	2022
	RMB'000	RMB'000	**RMB'000**	RMB'000
		Restated		Restated
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Interest income arising from unwinding contract assets with significant financing components	**60**	83	**129**	141
Bank interest income	**91**	72	**194**	123
Exchange (loss)	**15**	–	**9**	–
Interest income from loan receivables*	**594**	734	**2,131**	1,937
Interest income from other receivables*	**170**	235	**998**	1,378
Subsidy income and others	**165**	762	**673**	880
	1,095	1,886	**4,134**	4,459

Note:* For the convenience of comparison, after excluding "net income from buildout management agreement services" under the main item in the condensed consolidated statement of profit or loss and other comprehensive income based on the annual audit opinion and restating it to "revenue" and "cost of sales" items. Meanwhile, other income items for the corresponding period in 2021 were restated according to the annual audit categories.

6. FINANCE COSTS

	For the three months ended 31 March		For the nine months ended 31 March	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)	**2023 RMB'000 (Unaudited)**	2022 RMB'000 (Unaudited)
Interest expense on bank borrowings	**–**	–	**–**	–
Interest expense on lease liabilities	**95**	156	**324**	635
Interest expense on convertible bond	**2,339**	2,035	**7,106**	5,388
	2,434	2,191	**7,430**	6,023

7. INCOME TAX (CREDIT)/EXPENSE

	For the three months ended 31 March		For the nine months ended 31 March	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)	**2023 RMB'000 (Unaudited)**	2022 RMB'000 (Unaudited)
Current tax				
— Tax for the period	**14**	858	**488**	858
Deferred tax				
— Current period	**(60)**	(410)	**(179)**	(1,230)
	(46)	448	**309**	(372)

The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of Cayman Islands and accordingly, is not subject to income tax in the Cayman Islands.

Provision was made for Hong Kong Profits Tax for the Reporting Period and the corresponding period of last year on a two-tiered profit tax basis, with provision for the first HK$2 million of estimated assessable profits at a rate of 8.25%, and the estimated assessable profit in excess of HK$2 million was provided at a rate of 16.5%.

Provision for the enterprise income tax in the PRC is calculated on a statutory tax rate of 25% of the estimated assessable profit as determine in accordance with the relevant income tax law in the PRC.

During the Reporting Period and the corresponding period of last year, except for individual subsidiaries that have made profits and have accrued income tax according to regulations, other subsidiaries are not required to pay corporate income tax due to losses or profits but need to make up for the losses for previous years.

8. DIVIDENDS

The Board does not recommend the payment of quarterly dividend for the nine months ended 31 March 2023 (corresponding period of last year: Nil). No shareholder has agreed to waive dividends.

9. LOSS PER SHARE

The loss per share is calculated by dividing loss attributable to the owners of the Company by the weighted average number of 907,333,333 ordinary shares in issue for the nine months ended 31 March 2023 and 2022.

	For the three months ended 31 March		**For the nine months ended 31 March**	
	2023	2022	**2023**	2022
	RMB'000	RMB'000	**RMB'000**	RMB'000
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
The loss used to calculate the basic loss per share	**(6,443)**	(3,995)	**(18,678)**	(32,389)
	'000 shares	'000 shares	**'000 shares**	'000 shares
Number of shares used to calculate the basic loss per share	**907,333**	907,333	**907,333**	907,333

Note: The calculation of the basic loss per share attributable to the owners of the Company is based on the loss for the nine months ended 31 March 2023 of approximately RMB18.678 million (same period of the previous year: a loss of approximately RMB32.389 million), and on the weighted average number of 907,333,333 ordinary shares of the Company in issue (same period of the previous year: 907,333,333).

As outstanding convertible bonds and share options had anti-dilutive effect on the basic loss per share during the Reporting Period and the corresponding period of last year, the diluted loss per share was accordingly the same as the basic loss per share.

10. ISSUE OF CONVERTIBLE BOND

On 15 January 2020, the Company issued zero coupon convertible bonds with a principal amount of HK$12,400,000 for the acquisition of Polyqueue Limited. The convertible bonds will mature in four years from the issue date at their principal amount or can be converted into ordinary shares of the Company at the holder's option at initial conversion price HK$0.24 per conversion share.

On 6 August 2021, the Company issued convertible loan notes with a nominal value of US$8,000,000 at an interest rate of 4%. The notes are convertible at the option of the noteholders into fully paid ordinary shares with a par value of HK$0.01 each of the Company on or after 6 August 2021 up to and including 6 February 2024 at an initial conversion price of HK$0.5 per share. Any outstanding convertible notes will be redeemed at maturity at 122% of their principal amount.

The convertible bonds recognised in the consolidated statement of financial position are as follows:

	As at 31 March 2023 RMB'000	As at 30 June 2022 RMB'000
As at the beginning of the period/year	**64,835**	7,041
Increase during the period/year:		
Fair value of the convertible bonds	**–**	65,710
Less: Transaction costs	**–**	(1,815)
Less: Amount classified as equity	**–**	(14,880)
Liability component on initial recognition	**–**	49,015
Interest expense	**7,106**	7,833
Interest paid	**(2,184)**	(1,035)
Exchange realignment	**1,541**	1,981
Liability component as at the end of period/year	**71,298**	64,835

The effective interest rates for the interest expense on convertible bonds by applying the liability component and being calculated using the effective interest method were 13.84% to 14.50%. The principal amount of the convertible bonds as at 31 March 2023 was approximately RMB65,451,000 (30 June 2022: RMB63,858,000).

BUSINESS REVIEW

The Group is principally engaged in the manufacture and sale of furniture products and sells its products to the domestic PRC market with a large proportion of its sales derived from Sichuan province, Chongqing city and Guizhou province; the Group sells its products to its customers mainly through two major sales channels, namely participating in tenders and direct sales. The Group operates a sales office, Sichuan Greenland Furniture Co., Limited ("**Sichuan Greenland**"), in Chengdu city and a branch office, Chongqing Branch Office ("**Chongqing Branch Office**") of Sichuan Greenland, in Chongqing city.

In addition, the Group started to engage in data centre business in the PRC and Hong Kong from 2020. It aims to establish diversified operations and strive for stable revenue, which is a strategic deployment to strengthen the Group to overcome the economic difficulties. In June 2021, the Group commenced to carry out buildout management service business.

Manufacture and sale of furniture products business

During the Reporting Period, the Group achieved a revenue from manufacture and sale of furniture products segment of approximately RMB37.0 million, representing a decrease of approximately RMB5.0 million or approximately 11.9% as compared to the corresponding period of last year. Due to intensified market competition, the overall demand of the furniture industry is very weak, and customers tend to be more cautious in purchasing or replacing furniture. The spread of the novel coronavirus epidemic across the country has caused intensified lockdowns in various areas since January 2022 and almost throughout the entire Reporting Period. The normal operations of enterprises have been greatly affected, and tendering activities in various areas have decreased significantly as compared to the same period last year. The impact on the furniture industry has exceeded our previous expectations. Despite the relaxation of the PRC's pandemic control policy by the end of 2022, the national consumer confidence and economic recovery are gradually being restored, but it is estimated to take longer time than expected for the recovery of the real estate and furniture industry.

Under the above circumstance, the Group decided to focus on consolidating the markets in the southwestern regions including Sichuan Province, together with coordinating the supply chain relationship among customers and suppliers by paying extra installation and delivery fees, loading and unloading expenses in order to ensure on time delivery of customers' orders in Sichuan Province. With the relaxation of pandemic lockdown and control measures and gradual economic recovery, the Group has also actively explored markets in other southwestern provinces and regions and achieved certain results in regions such as Guizhou and Yunnan. At the same time, the Company strictly controls various costs and expenses, actively collects large amounts of overdue accounts receivable, and strives to eliminate the influence of various adverse factors. The Company has achieved certain results, in which the loss decreased significantly as compared to the corresponding period of last year. During the Reporting Period, the loss before income tax of manufacture and sale of furniture products segment was approximately RMB9.7 million (corresponding period of last year: loss before income tax of approximately RMB16.5 million).

Data centre business

During the Reporting Period, the Group achieved a revenue from the existing business of the data centre segment of approximately RMB18.0 million, representing an increase of approximately RMB1.6 million or approximately 9.5% as compared to the corresponding period of last year. Although the current revenue from the data centre segment is mainly the rental income from server rack rentals, making the business relatively stable, whereas, due to the pessimistic sentiment of the novel coronavirus epidemic that has lasted for more than three years, some customers did not renew their leases upon expiry or were undergoing business downsizing. As such, on one hand, the Group solved customers' problems in a prompt and efficient manner by providing quality after-sales services to enhance customer stickiness, strived to maintain existing long-term customers and tapped into the inherent potential of long-term customers to assist its expansion and growth. Meanwhile, the Group endeavoured to develop new customer bases through various channels and has achieved certain results where the total revenue of new customers is more than the revenue lost from the existing customers. During the Reporting Period, the profit before income tax of the existing business of the data centre segment was approximately RMB0.3 million (corresponding period of last year: loss before income tax of approximately RMB3.8 million).

Buildout management service business

In June 2021, two subsidiaries of the Group, WNT entered into a buildout management agreement with Gu'an Fu'ai to provide engineering and management service as construction manager for buildout construction works and the profit or loss of the relevant business is recognised according to the progress of the buildout management project. During the Reporting Period, the Group recognised a net of management expenses profit before income tax of approximately RMB1.2 million from buildout management service business segment (corresponding period of last year: approximately RMB5.7 million).

During the Reporting Period, the Group achieved a revenue of approximately RMB88.2 million, representing a decrease of approximately RMB21.6 million or approximately 19.7% as compared to the corresponding period of last year. During the Reporting Period, the Group recorded a loss of approximately RMB18.7 million, as compared with the loss of approximately RMB32.4 million recorded by the Group for the corresponding period of last year. For details on the decrease of loss and analysis of revenue, cost, fees and other indicators for the Reporting Period, please refer to the section headed "Management Discussion and Analysis — Financial Review" of this report.

Prospects

Although it is estimated to take longer time than expected for the recovery of the real estate market and furniture industry, the Company has felt a gradual pick-up in customer confidence. Therefore, the Group strongly believes that the furniture market will recover in the future. The Group will concentrate resources, actively seize opportunities to first further recover and stabilise the southwestern market by strengthening the research and development and innovation of new products and expanding marketing channels, and expand markets outside the southwestern region when conditions permit. Moreover, the Group will also strengthen the management and control of supply chain, reduce various costs and strive to improve the current operating conditions of the furniture segment. The Group will also ensure that the market share in the southwest market and a reasonable profit margin to achieve a balance by making use of its staff incentive mechanism.

In respect of data centre segment, apart from maintaining and developing the existing business, the Company has been exploring opportunities for the expansion of the business scope of the Group to further improve the profitability of its data centre business. In recent years, the digital economy has been driven by national policies, which has opened up significant opportunities, and the Company will grasp the strategic opportunity arising from the development of data centres by China in an effort to consolidate its strength and capability, and take its business scale to a higher level and increase its market share and competitiveness.

The Group has commenced its buildout management services in June 2021, and the experience and expertise related to the buildout projects will constitute part of the track record of WNT, which may bring more business opportunities. Meanwhile, WNT will be able to establish a business network with professional investors, contractors and suppliers to further develop its data centre business, such as providing value-added services and installation and maintenance services to other data centres.

We believe that the above initiatives will effectively increase the future profitability of the Group, and will have a positive impact on its profitability and asset operation in the coming years, bring benefits to shareholders.

FINANCIAL REVIEW

Revenue

During the Reporting Period, the Group achieved a revenue of approximately RMB88.2 million, representing a decrease of approximately RMB21.6 million or approximately 19.7% as compared to the same period of the previous year, of which:

Manufacture and sale of furniture products segment: During the Reporting Period, the Group achieved a revenue from sales of furniture products of approximately RMB37.0 million, representing a decrease of approximately RMB5.0 million or approximately 11.9% as compared to the same period last year, which was mainly attributable to the facts that:

(i) Revenue from the five southwestern provinces and regions such as Sichuan and Chongqing (including the Chongqing Branch Office) decreased by approximately RMB4.2 million or approximately 10.4% as compared to the corresponding period of last year, of which: the revenue of Sichuan Province decreased by approximately RMB2.2 million or approximately 6.9% as compared with the corresponding period of last year; the revenue of Chongqing decreased by approximately RMB5.0 million or approximately 73.7% as compared with the corresponding period of last year. The decrease in revenue from the two regions above was the main reason of the decrease in revenue from the five southwestern provinces. With the relaxation of pandemic lockdown and control policies and gradual economic recovery in China, the Group has also actively explored markets in other southwestern provinces and achieved certain results. It is represented by: the revenue of Guizhou Province increased by approximately RMB2.0 million or approximately 128.5% as compared with the corresponding period of last year; the revenue of the Tibet Autonomous Region increased by approximately RMB0.8 million or 859.7% as compared with the corresponding period of last year; the revenue of Yunnan Province increased by approximately RMB0.2 million or 212.9% as compared with the corresponding period of last year.

(ii) During the Reporting Period, the revenue of other provinces and regions apart from the five southwest provinces and regions was approximately RMB0.6 million, representing a decrease of approximately RMB0.8 million or approximately 55.6% as compared with the corresponding period of last year. The sales data are relatively small in both years mainly due to the influence of pandemic lockdown and control and the relevant operational strategies focusing on the expansion of the five southwest provinces of the Company.

Data centre segment: during the Reporting Period, the existing business of the data centre segment achieved a revenue of approximately RMB18.0 million, representing an increase of approximately RMB1.6 million or approximately 9.5% as compared to the corresponding period of last year. Due to the impact of novel coronavirus epidemic, some customers' leases were not renewed upon expiry. The Company has stepped up efforts to expand new customers and strive to maintain long-term customers, and has achieved certain results, the total revenue of new customers is more than the revenue lost from the existing customers, all of which were the main reasons for the year-on-year increase in revenue of the data centre segment.

Buildout management service segment: during the Reporting Period, the Group recognised the revenue generated from the buildout management services of approximately RMB33.2 million, representing a decrease of approximately RMB18.2 million or 35.4% as compared to the corresponding period of last year. This segment mainly recognises revenue based on the completion progress of buildout management projects. The revenue recognised of this segment decreased significantly as compared to the corresponding period of last year, which was the main reason of the year-on-year significant decrease of the Group's revenue.

Cost of sales

Cost of sales mainly comprised (i) raw materials used for production; (ii) cost of products purchased; (iii) labour costs; (iv) production or operation overheads such as depreciation, amortisation of intangible assets, utilities bills, maintenance fee and rent; and (v) cost of buildout management service. The Group's cost of sales for the Reporting Period was approximately RMB80.7 million, representing a decrease of approximately RMB21.9 million or approximately 21.4% as compared to the same period last year. Of which:

Manufacture and sale of furniture products segment: cost of sales for the Reporting Period was approximately RMB34.5 million, representing a decrease of approximately RMB6.7 million or approximately 16.4% as compared to the same period last year. Due to the decrease of cost of sales driven by the decrease of sales and the decrease of cost of sales was greater than the decrease of income, attributable to the provision for loss of inventories during the Reporting Period decreased by approximately RMB1.74 million as compared to the same period last year, which facilitated the decrease in material cost of sales and the recovery of gross profit margin. Based on the composition analysis of cost of sales, of which: (i) the cost of raw materials used and products purchased decreased by approximately RMB7.0 million; (ii) wages of production staff increased by approximately RMB0.3 million, mainly due to the increase in the proportion of self-made products and the increase of ad hoc overtime wages to ensure on-time delivery for customer orders; and (iii) other production expenses remained the same as last year.

Data centre segment: cost of sales of the existing business for the Reporting Period was approximately RMB16.1 million, representing a decrease of approximately RMB2.3 million or approximately 12.4% as compared to the corresponding period of last year. The decrease in cost of sales were mainly attributable to the facts that: (i) the cost of sales for the corresponding period of last year included the amortisation of the intangible assets arising from the acquisition of the data centre of approximately RMB4.2 million, while the above mentioned intangible assets has completed the amortisation last year, so there were no related expenses during the Reporting Period; and (ii) due to the increase of costs of sales driven by the increase of sales and the increase in wages and other overhead as compared to the corresponding period of last year, which partially offset the decrease in cost of sales resulting from (i) above.

Buildout management service segment: during the Reporting Period, the Group recognised the cost of the buildout management services of approximately RMB30.1 million, representing a decrease of approximately RMB12.9 million or approximately 30.0% as compared to the corresponding period of last year. This segment mainly recognises revenue based on the completion progress of buildout management projects. As the revenue recognised during the Reporting Period decreased significantly as compared to the same period last year, the related cost of sales decreased correspondingly.

Gross profit

The gross profit recognised by the Group increased from approximately RMB7.2 million in the corresponding period of last year to approximately RMB7.5 million in the Reporting Period. Of which:

Manufacture and sale of furniture products segment: during the Reporting Period, the gross profit amounted to approximately RMB2.5 million, representing a year-on-year increase of gross profit of approximately RMB1.7 million or approximately 224.0%. The gross profit margin of furniture increased from approximately 1.8% in the corresponding period of last year to approximately 6.8% during the Reporting Period. The increase in gross profit was mainly attributable to: the provision for loss of inventories during the Reporting Period decreased by approximately RMB1.74 million as compared to the same period last year. As mentioned from the above, affected by the weak overall demand of the furniture industry and the intensified lockdowns in various areas caused by the spread of the novel coronavirus epidemic across the country, the tendering activities in various areas have decreased significantly as compared to the same period last year. As such, the Group adhered to its operation strategies last year and continued to compete for more orders at lower product prices in order to maintain effective operations. With the relaxation of pandemic management and control across the country and gradual economic recovery, the Group will adjust the pricing strategies according to actual conditions to maintain a stronger competitiveness of the Company.

Data centre segment: gross profit of the existing business for the Reporting Period was approximately RMB1.9 million. Gross profit increased by approximately RMB3.8 million as compared to the corresponding period of last year. The gross profit margin increased from approximately -11.4% for the corresponding period of last year to approximately 10.9% for the Reporting Period, which were mainly attributable to the facts that: (i) the amortisation of the intangible assets arising from the acquisition of the data centre of approximately RMB4.2 million in the corresponding period of last year, while the above mentioned intangible assets has completed the amortisation last year, so there were no related expenses during the Reporting Period; and (ii) the increase in wages and other overhead as compared to the corresponding period of last year, which partially offset the increase in gross profit resulting from (i) above.

Buildout management service segment: during the Reporting Period, the Group recognised the gross profit of the buildout management services of approximately RMB3.1 million, representing an decrease of approximately RMB5.2 million or approximately 63.0% as compared to the corresponding period of last year, which was mainly attributable to the corresponding decrease in the gross profit caused by the significant decrease in sales revenue recognised during the Reporting Period, as compared to the corresponding period of last year.

Other income, net

During the Reporting Period, the Group recognised other income, net of RMB4.134 million, representing a decrease of approximately 7.3% as compared to the corresponding period of last year. The decrease was mainly attributable to the facts that: (i) interest income from other receivables during the Reporting Period decreased by approximately RMB380,000 as compared to the corresponding period of last year, which was mainly attributable to the decrease in interest income from other receivables of the data centre segment; (ii) despite the Company provided pledged properties and obtains corresponding pledge income of approximately RMB510,000 during the Reporting Period, the subsidy income and other still decreased approximately RMB207,000 year-on-year; (iii) interest income of loan receivable during the Reporting Period increased by approximately RMB194,000 as compared to the corresponding period of last year, which was mainly attributable to the increase in interests of loans of RMB50.0 million granted by the Company to Mega Data Investment Limited ("**SPV**") as compared to the corresponding period of last year; and (iv) deposit interest income increased by approximately RMB71,000. The increase above in (iii) and (iv) offset the decrease in other income.

Selling and distribution expenses

During the Reporting Period, the Group recognised selling and distribution expenses of approximately RMB5.0 million, representing a decrease of approximately RMB1.0 million or approximately 17.6% as compared to the corresponding period of last year, of which: the data centre segment, the buildout management service segment did not incur any selling expenses during the Reporting Period. The year-on-year decrease of selling and distribution expenses of the manufacture and sale of furniture products segment was mainly due to the fact that: despite the increase in wages, installation and delivery fees, loading and unloading expenses incurred since the Company wanted to ensure to deliver customer orders as scheduled under the impact of the novel coronavirus epidemic lockdowns and the power outage of Sichuan Province was suspended for half a month in August, the Company's strict control of daily expenses, the decrease in delivery fees, business entertainment expenses, exhibition hall decoration expenses and depreciation charges during the Reporting Period were more than the increase in the above-mentioned selling expenses, resulting in an overall decrease in selling and distribution expenses as compared to the corresponding period of last year.

Administrative and other expenses

During the Reporting Period, the Group recognised the administrative and other expenses of approximately RMB17.6 million, representing a decrease of approximately RMB14.7 million or approximately 45.5% as compared to the corresponding period of last year, of which: administrative and other expenses of the data centre segment and buildout management service segment amounted to approximately RMB4.0 million, representing a decrease of approximately RMB1.2 million or 24.1% as compared to the corresponding period of last year. The decreases were mainly attributable to the year-on-year decrease in legal and professional fees incurred during the Reporting Period. At the same time, the decrease in administrative and other expenses was partially offset by the provision for expected credit losses ("**ECLs**") of trade of approximately RMB0.6 million during the Reporting Period.

Excluding the administrative expenses incurred from the data centre segment and buildout management service segment, the Group's administrative and other expenses for the Reporting Period amounted to approximately RMB13.6 million, representing a decrease of approximately RMB13.5 million or 49.6% as compared to the corresponding period of last year. The decreases were mainly attributable to the facts that: (i) the recognition of share-based equity settled payment expenses of the Company was decreased by approximately RMB11.0 million as compared to the corresponding period of last year; and (ii) due to the recovery of some overdue trade receivables, the provision for ECLs of trade and other receivables and prepayments of the Company decreased by approximately RMB3.3 million as compared to the corresponding period of last year. In addition, the decrease in administrative expenses was partially offset by the increase in daily administrative expenses of the Hong Kong headquarter as compared to the corresponding period of last year.

Finance costs

The Group incurred finance costs of approximately RMB7.4 million during the Reporting Period, while the finance costs of the Group in corresponding period of last year was approximately RMB6.0 million, representing a year-on-year increase of approximately 23.4%. The increase of the Group's finance costs was mainly due to: (i) the interest expense arising from the issuance of convertible bonds by the Group increased by approximately RMB1.7 million as compared to the corresponding period of last year, which was mainly attributable to the completion of the placing of convertible bonds with a total principal amount of US$8 million on 6 August 2021, and the year-on-year increase in the imputed interest expense incurred, which was mainly due to the 37 more days of interest calculation in the current reporting period than in the same period last year and the translation of exchange rates; and (ii) the interest expense on lease liabilities incurred under the HKFRS 16 decreased by approximately RMB0.3 million as compared to the corresponding period of last year.

Income tax expense

The Group's income tax expense for the Reporting Period was approximately RMB309,000, as compared to the income tax credit of approximately RMB372,000 in the corresponding period of last year. The income tax expense of the Group were due to the facts that: (i) during the Reporting Period, some of the subsidiaries under data centre segment began to accrue and pay income tax after making up for the losses of the previous years. Apart from that, the other subsidiaries of the Group was either in a loss or recorded a profit which was not subject to income tax due to the compensation for the loss of the previous years for the corresponding period; and (ii) deferred tax credit in respect of the acquisition of data centre segment and the fair value adjustment of assets caused by the acquisition of subsidiaries in previous years decreased significantly during the Reporting Period as compared to the corresponding period of last year.

PLEDGE OF ASSETS

The Company entered into an agreement with 東莞市耀邦集團有限公司 (Dongguan Yaobang Group Company Limited, "**Yaobang Group**") on 25 January 2022, whereby the Company will provide a parcel of land and buildings located at Chengdu City as a pledge for a term of 36 months, to assist Yaobang Group in securing financing from the bank(s). On 25 May 2022, the financing arrangement between Yaobang Group and a bank was finalized, which authorized its subsidiary to borrow a loan from ICBC for a working capital amounted RMB45.0 million with a loan term of 12 months from the date of withdrawal. For details of the agreement, please refer to the announcement dated 25 January 2022 and the circular dated 25 March 2022 of the Company.

Other than that, the Group had no guarantee contract in respect of asset pledge.

SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

During the Reporting Period, the Group has no significant events that shall be disclosed but had not been disclosed.

EVENTS AFTER THE REPORTING PERIOD

As of the date of this report, the Group did not have any events that should be disclosed but had not been disclosed.

DISCLOSURE OF INTERESTS

(a) Interests and short positions of Directors and chief executive of the Company in shares, underlying shares and debentures of the Company and its associated corporations

As at 31 March 2023, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, "**SFO**") which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or (ii) to be entered into the register required to be kept therein, pursuant to Section 352 of the SFO, or (iii) to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules relating to the required standard of dealings by directors were as follows:

Name of Director	Capacity/ Nature of interest	Number of ordinary shares held/ interested	Approximate percentage of the Company's issued share capital *(Note 5)*
Mr. Ma Gary Ming Fai ("**Mr. Ma**")	Interest in a controlled corporation *(Note 1)*	245,300,400 (Long position)	27.04%
Mr. Yi Cong ("**Mr. Yi**")	Interest of spouse *(Note 2)*	116,580,000 (Long position)	12.85%
Mr. Lai Ningning ("**Mr. Lai**")	Beneficial owner *(Note 3)*	100,000,000 (Long position)	11.02%
Mr. Li Saint Chi Sainti ("**Mr. Li**")	Beneficial owner *(Note 4)*	2,000,000 (Long position)	0.2204%

Notes:

1. Such shares are held by Sun Universal Limited ("**Sun Universal**"), and its 100% equity interest is owned by Mr. Ma. Mr. Ma is deemed to be interested in the shares held by Sun Universal for the purpose of Part XV of the SFO.

2. Mr. Yi is the spouse of Ms. Zhang Gui Hong. Accordingly, Mr. Yi is deemed to be interested in all the shares which Ms. Zhang Gui Hong is interested for the purpose of Part XV of the SFO.

3. After Mr. Lai fully exercised the share options, his shareholding represents 11.02% of the existing issued share capital of the Company and approximately 9.93% of the Company's issued share capital enlarged by the issuance of subscription shares. During the Reporting Period, Mr. Lai did not exercise any share option.

4. After Mr. Li fully exercised the share options, his shareholding represents 0.2204% of the existing issued share capital of the Company and approximately 0.2199% of the Company's issued share capital enlarged by the issuance of subscription shares.

5. Based on the total number of 907,333,333 ordinary shares in issue as at 31 March 2023.

Save as disclosed above, as at 31 March 2023, none of the Directors nor the chief executive of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions which they were taken or deemed to have under such provisions of the SFO) or (ii) to be entered into the register of the Company required to be kept therein, pursuant to section 352 of the SFO, or (iii) to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules relating to the required standard of dealings by directors.

(b) **Interests and short positions of the substantial shareholders in the shares and underlying shares**

As at 31 March 2023, the following persons (not being a Director or chief executive of the Company) had or were deemed to have interests in shares or underlying shares of the Company which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO and the GEM Listing Rules.

Name of shareholder	Capacity/ Nature of interest	Number of ordinary shares held/ interested	Approximate percentage of the Company's issued share capital *(Note 6)*
Sun Universal	Beneficial owner	245,300,400 (Long position)	27.04%
Ms. Hung Fung King Margaret ("**Ms. Hung**")	Interest of spouse *(Note 1)*	245,300,400 (Long position)	27.04%
Brilliant Talent Global Limited ("**Brilliant Talent**")	Beneficial owner *(Note 2)*	116,580,000 (Long position)	12.85%
Ms. Zhang Gui Hong ("**Ms. Zhang**")	Interest in a controlled corporation *(Note 2)*	116,580,000 (Long position)	12.85%
Even Joy Holdings Limited ("**Even Joy**")	Beneficial Owner *(Note 3)*	46,800,000 (Long position)	5.15%
Mr. Hung Kwong Yee ("**Mr. Hung**")	Interest in a controlled corporation *(Note 4)*	46,800,000 (Long position)	5.15%
Mr. Tsoi Tak ("**Mr. Tsoi**")	Beneficial Owner *(Note 5)*	46,800,000 (Long position)	5.15%

Notes:

1. Ms. Hung is the spouse of Mr. Ma. Accordingly, Ms. Hung is deemed to be interested in the shares held by Mr. Ma for the purpose of Part XV of the SFO.

2. The entire issued share capital of Brilliant Talent is legally and beneficially owned by Ms. Zhang. Ms. Zhang is deemed to be interested in the shares held by Brilliant Talent for the purpose of Part XV of the SFO.

3. Pursuant to the Placing Agreement, the Company conditionally allotted the Convertible Bonds convertible into 46,800,000 shares of the Company at the conversion price to Even Joy. Upon conversion in full, the shareholding represents 5.15% of the existing issued share capital of the Company. During the Reporting Period, Even Joy has not converted any Convertible Bond.

4. The entire issued share capital of Even Joy is legally and beneficially owned by Mr. Hung. Accordingly, Mr. Hung is deemed to be interested in the shares held by Even Joy for the purpose of Part XV of the SFO.

5. Pursuant to the Placing Agreement, the Company conditionally allotted the Convertible Bonds convertible into 46,800,000 shares of the Company at the conversion price to Mr. Tsoi. Upon conversion in full, the shareholding represents 5.15% of the existing issued share capital of the Company. During the Reporting Period, Mr. Tsoi has not converted any Convertible Bond.

6. Based on the total number of 907,333,333 ordinary shares in issue as at 31 March 2023.

Save as disclosed above, as at 31 March 2023, the Company had not been notified by any person who had interests or short positions in the shares, underlying shares or debentures of the Company required to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO, or which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

OTHER INFORMATION

SHARE OPTION SCHEME

On 19 December 2016, the Board of Directors and shareholders of the Company through a written resolution approved and conditionally adopted the Company's original share option scheme (the "**Share Option Scheme**"). On 1 June 2022, the Company granted a share option to Mr. Li, one of the independent non-executive Directors of the Company, at a consideration of HK$1.00, which Mr. Li may exercise during the share option period, giving Mr. Li the right to require the Company to allot and issue up to 2,000,000 subscription shares at the subscription price in accordance with the terms and conditions of the Share Option Scheme. As of the Reporting Period, Mr. Li had not exercised the above share options.

Besides, on 2 June 2021, the Company granted a share option deed (the "**Share Option Deed**") to Mr. Lai, one of the executive Directors of the Company, at a consideration of HK$1.00, which may be exercised during the Share Option Deed period, giving Mr. Lai the right to require the Company to allot and issue up to 100,000,000 subscription shares at the subscription price, subject to the terms of the Share Option Deed. As of the Reporting Period, Mr. Lai had not exercised the above Share Option Deed.

Save as disclosed above, as at 31 March 2023, no share option was granted, exercised, cancelled or lapsed pursuant to the Share Option Scheme.

COMPETING INTERESTS

Mr. Ma, an executive Director, is the sole shareholder of Myshowhome International Limited ("**Myshowhome International**", together with its subsidiaries, the "**Myshowhome Group**"). Myshowhome International holds 100% interest in Myshowhome (Hong Kong) Limited ("**Myshowhome HK**"), which in turn holds 100% interest in Dongguan Shangpin Furniture Co., Ltd. (東莞市尚品家具有限公司) ("**Shangpin**"). Shangpin is a wholly foreign owned enterprise established under the laws of the PRC on 10 July 2012 with a registered capital of HK$8 million and is principally engaged in the manufacturing of sofas and sofa-beds for export to places outside the PRC. Mr. Ma confirms that Myshowhome International and Myshowhome HK are both investment holding companies. Mr. Ma has entered into a deed of non-competition in favour of the Company, and he and his close associates will abstain from voting on matters relating to the Group or Myshowhome Group where actual or potential conflicts of interest may arise.

Mr. Lai, an executive director, has executed a non-competition undertaking in favour of the Company that he shall not and he shall procure his associates not to engage in any Restricted Business unless the Company rejects such business opportunity. "Restricted Business" shall mean any business which competes or is likely to compete with the business currently and from time to time engaged by the Group (including but not limited to (i) the manufacture and sale of office furniture products in the PRC; and (ii) the data centre business in the PRC) but excluding Mr. Lai's interests in China Internet Exchange and/or the JV (together as the "**Excluded Companies**") and the relevant subsidiaries of such Excluded Companies. Details were set out in the circular issued on 16 July 2021 by the Company.

Save as disclosed above, for the nine months ended 31 March 2023, none of the Directors or substantial Shareholder or any of their respective close associates (as defined under the GEM Listing Rules) has any interest in a business apart from the Group's business which competes or is likely to compete, directly or indirectly, with the Group's business, and would require disclosure pursuant to Rule 11.04 of the GEM Listing Rules.

CONNECTED TRANSACTIONS

On 2 June 2021, a conditional loan agreement was entered into between the Company as lender and the SPV as borrower, pursuant to which, the Company shall advance the Loan in the aggregate sums of up to RMB100,000,000 (in HK$ equivalent) in two tranches to the borrower. The SPV is a special purpose vehicle for the purpose of the formation of the JV. It is owned as to 50% by Lightning Cloud Limited, which in turn is wholly owned by Mr. Lai, an executive Director of the Company.

The JV is principally engaged in the data centre business in the PRC and holds 100% interest in Gu'an Fu'ai through its subsidiary; and Gu'an Fu'ai has entered into the Buildout Management Agreement with WNT on 1 June 2021. Details are set out in the announcement dated 2 June 2021, the circular dated 16 July 2021 and the announcement dated 2 August 2021 of the Company.

(a) As at the end of the Reporting Period, the balances between the Group and the related companies are as follows:

	As at 31 March 2023 RMB'000 Unaudited	As at 30 June 2022 RMB'000 Unaudited
Amounts due from related companies:		
Long-term loans receivable — SPV	**50,000**	50,000
Interest receivable — SPV	**732**	1,490
	50,732	51,490

Mr. Lai, an executive director, has control over the related company.

(b) During the Reporting Period and the corresponding period of last year, the Group entered into the following transactions with related parties:

	July 2022 — March 2023 RMB'000 Unaudited	July 2021 — March 2022 RMB'000 Unaudited
Interest income from SPV	**2,131**	1,937
Interest income from Gu'an Fu'ai	**–**	887
Buildout management service income from Gu'an Fu'ai	**33,203**	51,363

Mr. Lai, an executive director, has control over the related company.

Save for the matters disclosed above, the Group did not enter into any connected transactions or continuing connected transactions that are not exempt under Rule 20.71 of the GEM Listing Rules during the Reporting Period.

OTHER INFORMATION

AUDIT COMMITTEE

The Company established the Audit Committee (the "**Audit Committee**") on 19 December 2016 with written terms of reference. The details of duties of the Audit Committee is available on the websites of the Stock Exchange and the Company.

The Audit Committee comprises three independent non-executive Directors, namely Mr. Chan Wing Kit, Ms. Cao Shao Mu and Mr. Li Saint Chi Sainti. Mr. Chan Wing Kit is the chairman of the Audit Committee.

The Audit Committee has reviewed the Group's unaudited consolidated financial statements for the nine months ended 31 March 2023. The Audit Committee is of the view that the unaudited consolidated results are in compliance with the applicable accounting standards, the GEM Listing Rules and other legal requirements, and that the sufficient disclosure was made.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted Rules 5.48 to 5.67 of the GEM Listing Rules as its own code of conduct ("**Code of Conduct**") regarding securities transactions by the Directors. The Company has confirmed, having made specific enquiry of the Directors, that all the Directors have complied with the Code of Conduct throughout the nine months ended 31 March 2023 and up to the date of this report.

CHANGE IN INFORMATION OF DIRECTORS

For the nine months ended 31 March 2023, there was no change in the information of Directors required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

From the Listing Date to the date of this report, the Company did not redeem any of its shares, and neither the Company nor any of its subsidiaries have bought or sold any shares of the Company.

OTHER INFORMATION

CORPORATE GOVERNANCE PRACTICES

The Group is committed to ensuring high standards of corporate governance and business practices. The Company's corporate governance practices are based on the Corporate Governance Code (the "**CG Code**") as set out in Appendix 15 of the GEM Listing Rules. From the Listing Date to the date of this report, the Company has complied with the applicable code provisions of the CG Code.

By order of the Board
Zhi Sheng Group Holdings Limited
Yi Cong
Executive Director

Hong Kong, 12 May 2023

As at the date of this report, the executive Directors are Mr. Yi Cong, Mr. Liang Xing Jun, Mr. Ma Gary Ming Fai and Mr. Lai Ningning; the non-executive Director is Mr. Luo Guoqiang; and the independent non-executive Directors are Mr. Chan Wing Kit, Ms. Cao Shao Mu and Mr. Li Saint Chi Sainti.