

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



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2025/26

ANNUAL REPORT

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CORPORATE INFORMATION

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Mr. Yi Cong
Mr. Liang Xing Jun
Mr. Ma Gary Ming Fai (*Compliance Officer*)

NON-EXECUTIVE DIRECTOR

Mr. Luo Guoqiang

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chan Wing Kit
Ms. Chan Pui Shan
Mr. Lin Xiao Dong

COMPLIANCE OFFICER

Mr. Ma Gary Ming Fai

COMPANY SECRETARY

Ms. Yuen Lai Sheung

AUDIT COMMITTEE

Mr. Chan Wing Kit (*Chairman*)
Ms. Chan Pui Shan
Mr. Lin Xiao Dong

REMUNERATION COMMITTEE

Mr. Chan Wing Kit (*Chairman*)
Ms. Chan Pui Shan
Mr. Lin Xiao Dong

NOMINATION COMMITTEE

Mr. Chan Wing Kit (*Chairman*)
Ms. Chan Pui Shan
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AUTHORISED REPRESENTATIVES

Mr. Yi Cong
Ms. Yuen Lai Sheung

PRINCIPAL BANKERS

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China Merchants Bank
China Construction Bank
Agricultural Bank of China
Industrial and Commercial Bank of China

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COMPANY'S WEBSITE ADDRESS

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STOCK CODE

8370

CHIEF EXECUTIVE OFFICER'S STATEMENT

Dear Shareholders,

On behalf of the board of directors of the Company (the “**Board**”), I am pleased to present the annual report and the audited consolidated financial statements of the Group for the year ended 30 June 2026 (the “**Reporting Period**”).

During the Reporting Year under review, the domestic furniture industry continued its cyclical adjustment, with end-market demand remaining weak and market competition continuing to intensify. The Group’s traditional furniture business in Southwest China remained in a stage of operational adjustment, and its overall losses had not yet improved significantly. To optimise its operating structure and hedge against the risks arising from reliance on a single regional market, the Group actively promoted the regional strategic upgrade of its furniture segment and deepened its presence in the South China market. The operating performance of Shangcheng Smart continued to improve, effectively driving the recovery of the overall operating resilience of the segment. However, the overall scale of profitability and cash flow contribution remained relatively limited and had not yet provided strong support for the Group’s strategic transformation. During the Reporting Period, the Group continued to implement cost controls and refined management of inventories and trade receivables, consolidate the foundation of its traditional businesses, and continuously promote loss reduction and efficiency enhancement within the segment.

While consolidating the foundation of its traditional furniture business, the Group has comprehensively shifted its strategic focus to and concentrated on the AI data centre sector.

During the Reporting Year, the global artificial intelligence industry entered a critical stage of commercial implementation and competition in computing infrastructure. With the rapid iteration of large language models, multimodal AI and agent technologies, demand for computing power for AI training and inference has grown exponentially. As the core carrier of AI computing power, data centres have continued to increase in strategic importance and have become a strategic high ground in global technological competition. In order to seize the leading position in computing power in the AI era, leading global and Chinese technology enterprises have successively and substantially increased their capital expenditure, with a focus on the construction of AI computing infrastructure.

In the Southeast Asian market, Thailand is becoming a hotspot for global AI data centre investment, supported by the “Thailand 4.0” industrial policy, the Eastern Economic Corridor planning and dedicated tax incentive schemes. A number of international cloud service providers and leading Chinese technology enterprises have already established data centres and AI computing nodes in Thailand. The influx of substantial capital has driven the continued spillover of demand for computing power leasing, colocation services and supporting operation and maintenance services, creating a favourable industry environment and a historic opportunity for the Group to establish a presence in the Rayong computing power market in Thailand. Against this industry backdrop, the Group’s domestic and overseas computing power deployment progressed in an orderly manner, achieving a number of breakthrough developments:

In terms of its domestic strategic deployment, the Group closely followed the national “Eastern Data and Western Computing” strategy and the development direction of green computing power, secured high-quality low-carbon computing resources at an early stage, secured prime land resources in Inner Mongolia, and developed a large-scale green AI computing base, thereby seeking to capture the first-mover opportunities arising from the industry’s development towards greater scale and lower carbon emissions.

CHIEF EXECUTIVE OFFICER'S STATEMENT

During the Reporting Period, the Group orderly advanced various preliminary construction and preparatory works for the project, laying a solid foundation for its long-term development. Subsequent to the Reporting Period, the Group achieved a major commercial breakthrough by successfully winning the tender for a large-scale computing power cooperation project with a leading domestic internet enterprise. This marked the high recognition by a top-tier industry customer of the Group's operating model and resource strength in relation to self-built green computing power in China, laying a solid foundation for the subsequent commercialisation of the project. The relevant formal cooperation agreement is currently progressing towards execution in an orderly manner.

At the same time, the Group actively expanded into the North China market and reserved the Gu'an computing power project as a new regional node, continuously optimising its multi-regional collaborative development structure in China and further enriching the Group's computing power industry footprint and customer structure.

In terms of overseas strategic expansion, the Group capitalised on the trend of overseas expansion of the domestic AI industry and actively pursued high-potential computing power markets in Southeast Asia, focusing on Thailand to develop it into the Group's core cross-border computing power hub.

During the Year, the overseas strategic deployment achieved significant progress. On 18 September 2026, the Group entered into the Sale and Purchase Agreement with Mr. Ma Gary Ming Fai, an Executive Director, to conditionally acquire approximately 51.94% equity interest and shareholder's loans in the Target Company of the Thai Data Centre Project. The transaction constitutes a major and connected transaction which is subject to the fulfilment of the conditions precedent and approval from independent shareholders. For details, please refer to the sub-paragraph headed "Events After the Reporting Period" under the section headed "Management Discussion and Analysis" in this report. The Target Group already possesses high-quality overseas land resources, comprehensive infrastructure and supporting facilities, and top-tier customer resources, laying a foundation for the Group's deployment in the Southeast Asian computing power market.

The Thailand project has not only achieved full maturity in terms of its hardware assets and infrastructure conditions, but has also successfully secured a long-term computing power contract with an international top-tier customer with a term of ten years, enabling the project's commercial value to be realised at an early stage and its long-term returns to be substantially locked in, thereby fully validating the Group's overseas expansion strategy.

Faced with the significant strategic deployments in both domestic and overseas markets and the need for asset-heavy construction, the Group simultaneously advanced the corresponding strategic arrangements at the capital level. During and subsequent to the Reporting Period, the Group successively completed two issues of convertible bonds. Meanwhile, the Thai Target Group involved in the acquisition also successfully introduced an independent overseas strategic investor. Through diversified capital operations, the Group effectively supplemented long-term funding for project construction, optimised its overall funding structure and equity structure, and substantially enhanced its financial capacity while maintaining its controlling position. This laid a solid capital foundation for the Group's high-intensity, high-quality expansion in the computing power industry and formally established a dual-engine strategic structure of "domestic green computing power + cross-border computing power in Southeast Asia".

CHIEF EXECUTIVE OFFICER'S STATEMENT

From the overall financial perspective, the Group continued to optimise its business structure, with the traditional business segments steadily reducing costs and enhancing efficiency and the strategic deployment in the new computing power sector progressing in an orderly manner. The quality of the Group's operating businesses has improved, and overall revenue has steadily recovered. However, based on prudent accounting principles, the Group recognised goodwill impairment and other non-cash accounting items for the Year, resulting in an increase in the Group's overall reported loss as compared with the corresponding period of last year. Such impairment was a one-off non-cash item and did not affect the Group's daily operations, cash flow or the advancement of its core strategic projects. The Group's overall operating fundamentals remained sound.

Looking forward, the traditional home furnishing industry will continue to face certain cyclical pressures and uncertainties. In response, the Group will maintain a prudent, steady, and conservative operating strategy for its furniture business. With a focus on stable operations and strict cost control, the Group will safeguard its foundational business, refrain from additional resource investment, and continue to focus on its core strategic tracks.

Against the industry backdrop of continued explosive growth in global demand for AI computing power and the data centre industry undergoing a deeper transformation from "resource-driven" to "computing power-driven", the Group will concentrate all of its advantageous resources on developing the high-growth core AI computing power sector and continue to deepen the iteration of its asset-heavy self-owned operating model. Going forward, the Group will make every effort to accelerate the infrastructure construction and commercialisation of its large-scale green computing power base in Inner Mongolia and facilitate the orderly delivery of long-term orders from leading customers. Upon completion of the acquisition of the Thailand project, the Group will steadily advance the construction, equipment commissioning and operational preparations of the Rayong overseas computing power hub in Thailand, facilitate the full implementation of the ten-year large-scale computing power contract, continue to expand its international top-tier customer base, and improve its cross-border computing power service footprint.

ACKNOWLEDGEMENTS

On behalf of the Board, I would like to express my sincerest gratitude to all shareholders, customers and business partners for their long-standing trust and support for the Group. At the same time, I would like to express my sincere appreciation to all Directors, senior management and employees for their concerted efforts, diligent performance of their duties and steady execution during this critical year of the Group's strategic transformation, which have driven the successful implementation of the Group's major strategic projects.

Yours faithfully

Lai Ningning

Chief Executive Officer and Executive Director

Hong Kong, 30 September 2026

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group's traditional core business is the manufacture and sale of furniture products, which are mainly sold in the southwestern regions of the PRC through Sichuan Greenland Furniture Industrial Co., Limited* (四川青田傢俱實業有限公司) ("**Sichuan Greenland**").

To optimise its business structure, achieve diversified operations and hedge against the cyclical risks of the traditional manufacturing industry, the Group completed the acquisition of Polyqueue Limited on 15 January 2020 and officially commenced its data centre business, as an important strategic initiative to stabilise the Group's overall revenue and enhance its risk resilience. In June 2021, WNT, a subsidiary of the Group, entered into a management agreement with Gu'an Fu'ai Electronics Co. Ltd. ("**Gu'an Fu'ai**") to provide project construction management services for data centres, thereby accumulating experience in project construction, operations and industry supporting facilities. During the Reporting Period and the corresponding period of last year, the Group did not undertake any new project construction management projects.

To address the issue of reliance on a single market in Southwest China and improve the operating performance of its furniture segment, during the 2023/24 financial year, the Group established Shangcheng Smart Home (Dongguan) Co., Ltd.* (尚誠智能家居(東莞)有限公司) ("**Shangcheng Smart**") through an investment by WNT. WNT holds a 51% equity interest in Shangcheng Smart, which is principally engaged in the research and development, manufacture and sale of furniture products. The new deployment in the South China region has effectively improved the regional footprint of the Group's furniture business, promoted diversified business development, helped smooth out cyclical fluctuations in the industry and stabilised the Group's overall revenue.

Manufacture and Sale of Furniture Business

As the Group has comprehensively shifted its strategic focus towards and concentrated on the AI data centre sector, its traditional furniture business, as an existing and stable segment, is positioned around prudent operations and the preservation of stable cash flows. During the Reporting Period, the Group generated revenue of approximately RMB62.0 million from the sale of furniture products, representing an increase of approximately RMB10.6 million, or approximately 20.6%, as compared with the corresponding period of last year. During the Reporting Period, amid the continued deep adjustment of the furniture industry and intensifying market competition, the Group strengthened its regional service and supply chain responsiveness and prudently implemented a "price-for-volume" strategy to consolidate its existing market share, thereby maintaining stable financial performance in its traditional business. In terms of growth, Shangcheng Smart made a significant contribution, generating revenue of RMB38.4 million during the Reporting Period. The entity continued to optimise its production and after-sales service systems and consolidate its core customer resources, driving year-on-year growth in the Group's furniture business, effectively hedging against cyclical risks in the industry and providing stable operational and cash flow support for the Group's transformation towards new businesses.

MANAGEMENT DISCUSSION AND ANALYSIS

Data Centre Business

Industry Overview

(I) Industry development

In recent years, with the breakthrough development of artificial intelligence technologies, emerging applications such as large language models, multimodal generative AI and AI agents have rapidly gained widespread adoption, resulting in exponential growth in global demand for data traffic and computing power. The training and inference of AI models place extremely high demands on computing infrastructure, with the training of a single large-scale AI model requiring the support of thousands of high-end accelerator chips and large-scale data centre clusters. Against this backdrop, data centres, as the core physical infrastructure supporting AI computing power, have continued to increase in strategic importance and have become key infrastructure for global technological competition and a strategic high ground for the digital economy development of various countries.

To meet the explosive growth in computing power demand in the AI era, leading global technology enterprises have continued to increase their capital expenditure, with overall capital expenditure showing a rapid growth trend. According to publicly disclosed financial reports and market research, during the first half of 2026, the capital expenditure of major global cloud service providers and technology giants increased significantly year-on-year, with investment generally focused on the construction of AI computing infrastructure, including AI server clusters, data centre expansion and network architecture upgrades. In the Chinese market, according to public reports, a number of leading internet enterprises have successively announced large-scale AI infrastructure investment plans, with certain enterprises raising dedicated funds through equity financing and other means for the development of full-stack AI capabilities, explicitly including the expansion of AI computing infrastructure and the deployment of overseas data centres. This reflects the high degree of certainty regarding the long-term demand of Chinese technology enterprises for AI computing infrastructure, as well as the continued increase in the intensity of their investment.

From the perspective of industry structure, demand for AI computing power is becoming the core driver of growth in the data centre industry. Traditional data centres mainly serve conventional businesses such as the internet, e-commerce and enterprise informatization, for which demand growth is relatively stable. By contrast, AI data centres, characterised by high power density, high computing power density and high value-added, are becoming the fastest-growing and most profitable segment of the industry. An increasing number of data centre operators are shifting their business focus from traditional rack leasing to AI computing power colocation and customised services, and the industry is undergoing a deeper transformation from "resource-driven" to "computing power-driven".

In terms of regional deployment, Southeast Asia is becoming an emerging hotspot for global AI data centre investment. Among the countries in the region, Thailand has distinguished itself in the Southeast Asian data centre market, supported by its "Thailand 4.0" industrial policy, the planning of the Eastern Economic Corridor (EEC) and dedicated tax incentive schemes. According to publicly available data from the Thailand Board of Investment (BOI), Thailand offers eligible data centre projects an exemption from corporate income tax for up to eight years and permits foreign investors to purchase land for project development. In 2025, a total of 36 data centre projects were granted investment incentives by the BOI, with total investment reaching THB728.0 billion. These projects were mainly concentrated in key industrial areas such as Rayong (33%), Chonburi (32%) and Samut Prakan (12%). According to

MANAGEMENT DISCUSSION AND ANALYSIS

public reports, a number of international cloud service providers and leading Chinese technology enterprises have established local data centres and AI computing availability zones in Thailand, with certain enterprises also announcing large-scale investment plans for digital infrastructure in Thailand. The influx of substantial capital has continued to drive the spillover of demand across the industry chain, including computing power leasing, colocation services, operation and maintenance support, electricity and optical communications. Thailand is gradually emerging as an AI computing power hub in Southeast Asia, creating a favourable industry environment and market opportunities for the Group's Rayong project in Thailand.

Under this industry backdrop, the Group's data centre business is undergoing a profound strategic transformation from traditional light-asset subleasing operations to an asset-heavy model involving the self-development and self-ownership of AI computing power infrastructure. The development of the segment's business and strategic deployment during the Reporting Period are as follows:

During the Reporting Period, the Group's existing light-asset operations in the data centre segment generated revenue of approximately RMB16.7 million, representing a decrease of approximately RMB1.3 million, or approximately 7.3%, as compared with the corresponding period of last year. The slight decrease in revenue was mainly attributable to the slower-than-expected recovery of the macroeconomy, the non-renewal of leases by certain existing customers upon expiry, and a slowdown in the pace of new customer acquisition. Currently, the segment's traditional rack leasing business remains stable in operation and continues to provide stable revenue and cash flow support for the Group during its strategic transformation.

With the Group's strategic focus having comprehensively shifted towards and concentrated on the AI data centre sector, the data centre business has become the Group's core strategic segment. During the Year, the Group continued to advance the iteration and upgrade of its business model, undergoing a profound transformation from traditional light-asset subleasing operations to an asset-heavy self-development and self-ownership model, with a number of breakthrough developments achieved in its domestic and overseas computing power deployment.

In terms of its domestic deployment, the Group seized the strategic opportunities arising from the "Eastern Data and Western Computing" strategy and secured high-quality computing power resources at an early stage. Through indirect non-wholly-owned subsidiaries in which the Group holds a 51% interest, the Group successfully acquired the land use rights for two parcels of core industrial land in Hohhot, Inner Mongolia (50,034 square metres) and Xilingol League (107,969.77 square metres) in March and May 2025, respectively. Inner Mongolia is endowed with abundant green energy resources, including wind and solar power, which are highly compatible with the low-carbon and large-scale development trends of the AI computing power industry, while regional demand for computing power continues to increase. The successful acquisition of the two parcels of land has established a core resource foundation for the Group to develop a large-scale multi-tenant green AI computing power base and build a regional core computing power hub, fully aligning with the Group's long-term strategic deployment. During the Reporting Period, the Group steadily advanced various preliminary preparatory works, including the overall project planning and design, applications for supporting power supply facilities and optimisation of infrastructure construction plans. Subsequent to the Reporting Period, the Group achieved a major commercial breakthrough by successfully winning a 500 MW large-scale computing power order from

MANAGEMENT DISCUSSION AND ANALYSIS

a leading domestic social media platform. The first batch of 180 MW of computing power is expected to be delivered in phases from May 2027, securing long-term and stable core customer resources for the Group's self-developed domestic computing power projects and safeguarding their subsequent commercialisation. For details of the relevant land acquisitions and the latest progress of the projects, please refer to the announcements of the Company dated 14 February 2025, 24 February 2025, 11 March 2025, 16 May 2025 and 13 August 2026.

At the same time, the Group continued to enrich its domestic computing power footprint and develop a second regional computing power deployment node by actively pursuing the potential acquisition of the Hebei Gu'an data centre. During the Reporting Period, the Group conducted preliminary discussions regarding the acquisition of the relevant target company. The target company had received non-binding letter of intent in cooperation from leading domestic e-commerce and AI technology enterprises, with plans to provide a total of 60 MW of computing power services in the Gu'an area of Hebei. The project is currently at the preliminary due diligence and implementation planning stage, providing the Group with an additional growth curve for subsequently expanding its domestic computing power footprint and diversifying its customer structure. For details of the relevant progress, please refer to the voluntary announcement of the Company dated 22 April 2026.

In terms of its overseas deployment, the Group capitalised on the wave of overseas expansion of Chinese AI enterprises and the growth opportunities arising from the digital economy in Southeast Asia, with a focus on developing the core computing power market in Thailand. Supported by the "Thailand 4.0" industrial policy, the planning of the Eastern Economic Corridor and dedicated tax incentive schemes, Thailand has a mature investment environment and rapidly growing demand for computing power, making it a highly promising core computing power hub in Southeast Asia. The Group is focusing on high-quality areas in Thailand, including Rayong, and plans to acquire not less than 140,000 square metres of land for the construction of large-scale self-owned data centres, with a focus on engaging with top-tier international and local internet enterprises and establishing computing power service nodes in Southeast Asia.

During the Year, the Group's deployment of its Thailand project made significant progress, with its overseas computing power strategy continuing to advance. On 18 September 2026, the Group entered into the Sale and Purchase Agreement with Mr. Ma Gary Ming Fai, an Executive Director, to conditionally acquire approximately 51.94% equity interest and shareholder's loans in the Target Company of the Thai Data Centre Project at the consideration of US\$16,953,376 in total. The transaction constitutes a major and connected transaction which is subject to the fulfilment of the conditions precedent and approval from independent shareholders. For details, please refer to the sub-paragraph headed "Events After the Reporting Period" under this section and the announcement of the Company dated 18 September 2026. Upon completion, the Target Group will become an indirect non-wholly-owned subsidiary of the Group, and its financial results will be consolidated into the Group's consolidated financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

Following completion of the acquisition, the Group will achieve consolidated management and control through its controlling interest in the Target Group and will indirectly hold interests in project land in Rayong, Thailand with an aggregate area of approximately 140,302 square metres. Currently, the relevant land has completed the execution of the sale and purchase agreements, power supply approval and title registration procedures. The installation works for the water and electricity infrastructure have been substantially completed, and the key construction conditions have generally been put in place. The project has officially entered the substantive construction stage. In terms of commercialisation, the Target Group has successfully entered into a formal large-scale computing power colocation contract with a leading international internet enterprise for a term of ten years and a contract value of approximately US\$1.6 billion (excluding power charges), marking the full realisation of the project's commercial value and substantially locking in its long-term returns. To meet the funding requirements for the construction of overseas projects and asset acquisitions, the Group completed the closing of two separate issues of convertible bonds during and subsequent to the Reporting Period, respectively. Throughout the process, the Group strictly complied with the GEM Listing Rules in completing the adjustment of the use of proceeds and information disclosure at each stage, effectively supplementing the funding for project construction. At the same time, the Target Group involved in the acquisition successfully introduced an independent overseas strategic investor, further strengthening the foundation for the long-term development of the overseas project while consolidating the Group's controlling and leading position over the Target Group. In addition, to support the long-term development of the overseas projects, the Group is exploring various financing channels, including discussions with a number of banks on project financing arrangements. For details, please refer to the section headed "Significant Events During the Year" under "Management Discussion and Analysis" of this report.

In addition, the data centre project construction management business undertaken by the Group in its earlier years has enabled the Group to accumulate extensive experience in engineering construction standards and full life-cycle project operations, as well as an established network of cooperation with upstream and downstream suppliers and contractors. This has laid a solid industrial foundation and accumulated substantial technical expertise for the Group to independently undertake the construction of large-scale computing power projects in China and overseas and achieve its strategic transformation towards an asset-heavy model.

During the Reporting Period, the Group recorded a revenue of approximately RMB78.7 million, representing an increase of approximately RMB9.3 million or approximately 13.3% as compared to the corresponding period of last year. During the Reporting Period, owners of the parent of the Group recorded a loss of approximately RMB19.1 million, as compared with the loss of approximately RMB13.5 million recorded by the owners of the parent of Group for the corresponding period of last year. For details on the increase in loss and analysis of revenue, cost, fees and other indicators for the Reporting Period, please refer to the section headed "Financial Review" under "Management Discussion and Analysis" of this report.

MANAGEMENT DISCUSSION AND ANALYSIS

PROSPECTS

Looking ahead, the furniture segment will continue to consolidate its existing business base, promote a diversified business footprint, optimise its customer and market structure, and reduce its reliance on any single business. At the same time, the Group will strengthen the refined management of its supply chain, accelerate inventory turnover, strictly control various costs and expenses, and maintain stable operating cash flows, thereby strengthening the support for the Group's overall strategic transformation and securing sufficient room for future development.

In respect of the data centre business, against the backdrop of continued explosive growth in global demand for AI computing power and the industry undergoing a deeper transformation from "resource-driven" to "computing power-driven", the Group will remain firmly focused on the AI computing power sector over the long term and continue to deepen its strategic transition from light-asset subleasing operations to an asset-heavy self-development and self-ownership model. Leveraging the significant asset acquisitions and commercial cooperation achievements already secured in China and overseas, the Group will fully advance the construction and commercial operation of its core computing power projects and consolidate the foundation for the Group's core growth in the new cycle.

Domestically, the Group will fully capitalise on the national "Eastern Data and Western Computing" strategy and the development trend of green computing power. With the two self-owned land parcels in Hohhot, Inner Mongolia and Xilingol League serving as core computing power hubs, the Group will steadily advance the overall infrastructure construction, supporting power facilities and project implementation. Leveraging the long-term large-scale computing power order from a leading internet enterprise successfully won during the Year, the Group will orderly advance the delivery and commercialisation of computing power services, thereby establishing a stable and sustainable source of computing power service revenue. At the same time, the Group will continue to advance the preliminary due diligence and implementation planning for the Hebei Gu'an computing power project, actively engage with leading AI and e-commerce enterprises regarding their computing power requirements, orderly reserve additional computing power service capacity, and continue to enrich its domestic business footprint and customer structure.

Overseas, the Group will seize the unprecedented opportunity presented by Thailand's emergence as an AI computing power hub in Southeast Asia. As the acquisition of the Thailand project progresses, the Group will formally establish its presence in the core computing power hub of Southeast Asia. The Group will subsequently fully advance the construction of the large-scale self-owned data centre in Rayong, Thailand, equipment commissioning and operational preparations. Leveraging the project's established land ownership rights, water and power infrastructure and other key construction conditions, the Group will steadily advance the full implementation and execution of the ten-year, US\$1.6 billion large-scale computing power colocation contract. The Group will continue to deepen its presence in the Southeast Asian digital economy market, expand its resources among top-tier international network and technology enterprises, strengthen the operational management and risk control systems for its overseas projects, develop the Thailand project into a benchmark computing power service node for the Group's overseas expansion, and improve its cross-border computing power service industry footprint.

MANAGEMENT DISCUSSION AND ANALYSIS

Overall, the Group will continue to optimise the allocation of resources and concentrate its core resources on developing the high-growth AI computing power sector. Leveraging its self-owned computing power bases in China and the overseas computing power project in Thailand, for which the acquisition is being actively pursued, the Group will fully implement a dual-engine computing power deployment in China and overseas.

FINANCIAL REVIEW

Revenue

During the Reporting Period, the Group achieved a revenue of approximately RMB78.7 million, representing an increase of approximately RMB9.3 million or approximately 13.3% as compared to the corresponding period of last 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 RMB62.0 million, representing an increase of approximately RMB10.6 million or approximately 20.6% as compared to the corresponding period of last year. Of which:

During the Reporting Period, Sichuan Greenland recorded sales revenue of approximately RMB23.6 million, representing an increase of approximately RMB2.1 million or approximately 9.7% over the corresponding period of last year. In response to weak demand across the industry, the Group adopted a strategy of seeking sales volume at lower prices to consolidate its regional market share, achieving a moderate recovery in revenue scale. However, the foundation for an overall rebound remains unsettled, and the business is still undergoing a phase of ongoing operational adjustment. Shangcheng Smart, a subsidiary of the Group, demonstrated a notable improvement in operating performance, recording sales revenue of approximately RMB38.4 million during the Reporting Period, representing an increase of approximately RMB12.1 million or approximately 46.1% over the corresponding period of last year. The revenue growth was primarily attributable to the continued optimisation of production processes, steady improvements in product quality and production efficiency, and the progressive enhancement of the after-sales service system. Meanwhile, the Group deepened its supply cooperation with core customers, resulting in a continued enhancement of its order-taking capacity. In addition, the segment recorded transaction service commission income of RMB3.6 million in the corresponding period of last year, whereas no such income was contributed during the period, which offset the overall revenue growth of the segment to a certain extent.

Data centre segment: During the Reporting Period, the data centre segment achieved a revenue of approximately RMB16.7 million, representing a decrease of approximately RMB1.3 million or approximately 7.3% as compared to the corresponding period of last year. Segment revenue declined slightly during the period, primarily due to the non-renewal of leases by certain existing customers upon expiry and a slower pace of new customer acquisition. As new business has not yet been secured in time to fill the resulting shortfall, rental income from the traditional server rack leasing segment recorded a year-on-year decline.

MANAGEMENT DISCUSSION AND ANALYSIS

Cost of Sales

Cost of sales mainly comprised (i) raw materials used for production; (ii) cost of products purchased; (iii) labour costs; and (iv) production or operation overheads such as depreciation, amortisation of intangible assets, utilities bills, maintenance fee and rent. The Group's cost of sales for the Reporting Period was approximately RMB64.0 million, representing an increase of approximately RMB9.6 million or 17.7% as compared to the corresponding period of last year. Of which:

Manufacture and sale of furniture products segment: Cost of sales for the Reporting Period was approximately RMB49.9 million, representing an increase of approximately RMB11.4 million or approximately 29.5% as compared to the corresponding period of last year. Of which: the cost of sales of Shangcheng Smart increased by approximately RMB7.7 million year on year and was the primary driver of the increase in segment costs, mainly attributable to the rapid expansion in revenue scale, under which production scheduling, raw material procurement and operational inputs grew in tandem with business volume. During the period, the growth in segment cost of sales outpaced that of revenue, resulting in a narrowing of the gross profit margin, which was primarily attributable to two factors: (i) in response to weak end-market demand across the industry, the Group continued to pursue a strategy of stabilising market position and protecting market share, adopting a high-volume, low-margin approach to maintain order volume, which compressed per-unit profitability; and (ii) in the corresponding period of last year, the segment recorded transaction service commission income of approximately RMB3.6 million, which provided an additional contribution to gross profit for that period, whereas no corresponding category of income was recorded during the Reporting Period, further widening the gap between cost and revenue growth.

Data centre segment: Cost of sales for the Reporting Period was approximately RMB14.1 million, representing a decrease of approximately RMB1.8 million or approximately 10.8% as compared to the corresponding period of last year. The reduction in costs significantly outpaced the decline in revenue, reflecting the continued optimisation of the overall cost structure. During the period, the scale of the leasing business experienced a short-term contraction due to non-renewal of leases by certain existing customers upon expiry and a slower pace of new customer acquisition. In response to changes in the business structure, the Group implemented refined measures for cost reduction and efficiency enhancement and optimised resource allocation. On the one hand, it dynamically adjusted idle and expiring cabinet resources and optimised the scale of leased-in cabinets to reduce ineffective cost expenditures; on the other hand, it continued to deepen cooperation with suppliers and optimise procurement and cabinet leasing pricing, thereby achieving a reduction in unit operating costs. The effective implementation of these control measures yielded significant results, driving a marked year-on-year reduction in the overall cost of sales for the segment.

MANAGEMENT DISCUSSION AND ANALYSIS

Gross Profit

The Group's gross profit decreased slightly from approximately RMB15.1 million in the corresponding period of last year to approximately RMB14.7 million during the Reporting Period. Of which:

Manufacture and sale of furniture products segment: The segment recorded a gross profit of approximately RMB12.1 million during the Reporting Period, representing a year-on-year decrease of approximately RMB0.8 million or approximately 5.9%. The overall gross profit margin declined from 25.0% in the corresponding period of last year to 19.5% in the current period. The overall decrease in both gross profit and gross profit margin during the current period was primarily driven by the underperformance of the Sichuan Greenland division. In the face of persistently weak end-market demand and intense industry competition, Sichuan Greenland continued to pursue a strategy of seeking sales volume at lower prices to consolidate its regional market share, which resulted in a lower overall gross profit level for its products and compressed the division's overall profitability. Meanwhile, in the corresponding period of last year, the segment recorded transaction service commission income of approximately RMB3.6 million, which provided an additional contribution to gross profit for that period, whereas no such income was recorded in the current period, further contributing to the year-on-year decline in both gross profit and gross profit margin.

Data centre segment: The segment recorded a gross profit of approximately RMB2.6 million during the Reporting Period, representing a year-on-year increase of approximately RMB0.4 million or approximately 17.5%, and the gross profit margin improved from 12.2% in the corresponding period of last year to 15.5% in the current period. This improvement was primarily attributable to the Group's continued implementation of measures for cost reduction and efficiency enhancement and refined operational management and control. Specifically, the Group optimised the lease renewal structure for expiring cabinet resources and reduced the scale of surplus leased-in cabinets, effectively lowering the cabinet vacancy rate. At the same time, it continued to deepen cooperation with suppliers to secure more favourable leasing prices, thereby achieving effective control over operating costs and driving a year-on-year improvement in the segment's overall profitability and gross profit margin.

Other Gain or Loss, Net

The Group recorded other net gain of approximately RMB0.2 million during the Reporting Period, as compared with other net losses in the corresponding period of last year, representing a year-on-year improvement of approximately RMB2.3 million. The year-on-year improvement in other net gain during the current period was primarily attributable to: (i) a decrease of approximately RMB0.9 million in employee compensation expenses during the current period compared to the corresponding period of last year; (ii) a loss on modification of approximately RMB1.2 million recognised in the prior period in connection with the amendment of the maturity terms of convertible bonds, which depressed the prior period's earnings performance; and (iii) a year-on-year increase in other income.

MANAGEMENT DISCUSSION AND ANALYSIS

Selling and Distribution Expenses

The Group recorded selling and distribution expenses of approximately RMB7.4 million during the Reporting Period, representing a slight increase of approximately RMB0.1 million or approximately 1.5% from the corresponding period of last year. The data centre segment did not incur any selling expenses in either the Reporting Period or the corresponding period of last year, and the change in the relevant expenses was primarily attributable to the furniture segment. During the Reporting Period, sales revenue of the Group's furniture segment increased by 20.6% year on year. Despite the substantial expansion in revenue scale, selling and distribution expenses increased only marginally. This was primarily attributable to the Group's continued enhancement of refined expense management and control and its strict control over various marketing and distribution expenses, which yielded significant results in cost reduction and expense control.

Administrative and Other Expenses

During the Reporting Period, the Group's administrative and other expenses (including impairment loss on assets) amounted to approximately RMB21.8 million, representing an increase of approximately RMB3.8 million or approximately 20.6% as compared to the corresponding period of last year.

By business segment, the administrative and other expenses of the data centre segment amounted to approximately RMB13.0 million, representing an increase of approximately RMB6.9 million, or a significant increase of 112.3%, from the corresponding period of last year. This increase was primarily attributable to the increase in provisions for impairment of assets made during the current period, which included an increase of approximately RMB5.6 million in the provision for impairment of goodwill, an increase of approximately RMB0.8 million in the provision for impairment of right-of-use assets, and a year-on-year increase of approximately RMB0.2 million in the provision for expected credit losses on trade receivables; the remaining increase was attributable to the normal growth in daily administrative and operational expenses.

Excluding the data centre segment, the administrative and other expenses incurred by the Group's other businesses and headquarters amounted to approximately RMB8.8 million, representing a decrease of approximately RMB3.1 million, or approximately 26.2%, from the corresponding period of last year. The decrease in expenses was primarily attributable to the Group's continued implementation of cost optimisation and expense control measures, specifically including:

- (i) reversals of the provision for expected credit losses increased by approximately RMB1.1 million compared to the corresponding period of last year, primarily due to the Group's strengthened collection efforts and risk management for trade receivables and prepayments, which resulted in an improvement in the credit quality of assets; and
- (ii) in the face of a challenging operating environment in the industry, the Group's furniture segment strictly controlled various administrative expenses, driving a year-on-year decrease of approximately RMB0.8 million in the relevant expenses; at the same time, the Hong Kong head office continued to adhere to cost-efficient operations and streamline administrative expenses, resulting in a further year-on-year decrease of approximately RMB1.2 million in overall office and management expenses.

MANAGEMENT DISCUSSION AND ANALYSIS

Finance Costs

During the Reporting Period, the Group's finance costs amounted to approximately RMB4.8 million, representing an increase of approximately RMB2.6 million or approximately 115.0% from the corresponding period of last year. The increase in finance costs was primarily attributable to the following two factors: (i) an increase of approximately RMB1.3 million in interest expenses arising from the convertible bonds issued by the Group during the current period compared to the corresponding period of last year; (ii) an increase of approximately RMB1.1 million in imputed interest arising from the amount due to a substantial shareholder during the current period compared to the corresponding period of last year; and (iii) interest expenses of approximately RMB0.2 million on other new raised borrowings during the current period. Save for the above changes, the Group's interest expenses on lease liabilities during the Reporting Period remained broadly in line with those of the corresponding period of last year.

Income Tax Expense

During the Reporting Period, the income tax expense of the Group amounted to approximately RMB73,000, representing an increase of approximately RMB23,000 or approximately 44.9% from the corresponding period of last year. The remaining subsidiaries of the Group were either in a loss position or had realised profits that could be fully offset against the accumulated tax losses brought forward from previous years, and accordingly, no provision for or payment of enterprise income tax was required.

Loss for the Year Attributable to Owners of the Company

Loss for the year attributable to owners of the Company for the Reporting Period was approximately RMB19.1 million, and loss for the year attributable to non-controlling interests was approximately RMB0.1 million. In the corresponding period of last year, loss for the year attributable to owners of the Company was approximately RMB13.5 million, and loss for the year attributable to non-controlling interests was approximately RMB1.2 million. The widening of the loss attributable to owners of the Company during the Reporting Period on a year-on-year basis was primarily attributable to the following: the Group's revenue increased by 13.3% year on year during the current period, whereas the cost of sales increased by 17.7% year on year, with the growth in costs significantly outpacing that of revenue, resulting in a decline in the gross profit margin and a year-on-year decrease in gross profit of approximately RMB0.4 million; meanwhile, administrative and other expenses (including impairment losses on assets) increased by approximately RMB3.8 million year on year, and finance costs increased by approximately RMB2.6 million year on year, further widening the overall loss. During the current period, other net income increased by approximately RMB2.3 million year on year and selling and distribution expenses decreased by approximately RMB0.1 million year on year, which effectively offset part of the increase in the loss and mitigated the overall loss.

A detailed analysis of the indicators of revenue, costs of sales, gross profit, and expenses is set out in the section headed "Management Discussion and Analysis" of this report and will not be repeated in detail.

MANAGEMENT DISCUSSION AND ANALYSIS

Contract Assets, Trade, Lease and Other Receivables

Contract assets, trade, lease and other receivables of the Group as at 30 June 2026 amounted to approximately RMB43.1 million (30 June 2025: approximately RMB22.0 million). The increase was mainly attributable to: (i) an increase in prepayments and other receivables of approximately RMB15.0 million, mainly due to the payment of a refundable deposit of approximately RMB17.1 million by the Hong Kong head office to HVL upon the execution of the deed of call option, partially offset by a decrease in prepayments for the purchase of materials by the manufacture and sale of furniture products segment; (ii) an increase in trade and lease receivables of approximately RMB5.7 million, primarily attributable to the increase in trade receivables of Shangcheng Smart under the manufacture and sale of furniture products segment; and (iii) an increase in contract assets of approximately RMB0.3 million, primarily attributable to the increase in contract assets of manufacture and sale of furniture products segment.

Trade and Other Payables

Trade and other payables of the Group as at 30 June 2026 amounted to approximately RMB38.0 million (30 June 2025: approximately RMB37.4 million). The increase was primarily attributable to: (i) an increase in trade payables of approximately RMB0.4 million, of which the manufacture and sale of furniture products segment recorded an increase of approximately RMB1.6 million, mainly driven by the increase in trade payables of Shangcheng Smart, which was partially offset by a decrease of approximately RMB1.2 million in trade payables of the data centre segment; and (ii) an increase in other payables of approximately RMB0.2 million, of which the manufacture and sale of furniture products segment recorded an increase of approximately RMB1.2 million, mainly driven by an increase of approximately RMB5.1 million in other payables of Shangcheng Smart (representing an increase in temporary outstanding payables arising from normal business transactions), which was partially offset by a decrease of approximately RMB3.9 million in other payables of Sichuan Greenland. Meanwhile, other payables of the Hong Kong head office decreased by approximately RMB1.0 million, while those of the data centre segment remained broadly unchanged from the previous year.

Contract Liabilities

The Group's contract liabilities as at 30 June 2026 amounted to approximately RMB2.1 million (30 June 2025: approximately RMB1.9 million). Such increase was mainly attributable to year-on-year increase in contract liabilities of the manufacture and sales of furniture products segment due to the collection of receipts in advance from the signing of sales contracts.

Convertible Bonds

The Group had convertible bonds of approximately RMB93.0 million as at 30 June 2026 (30 June 2025: approximately RMB16.4 million). The increase was primarily attributable to the issuance of new convertible bonds during the period, whereas the previous convertible bonds issued in 2025 were settled in full during the period. Details are as follows:

- (i) in June 2025, the Group issued convertible bonds with a total principal amount of HK\$20.0 million, of which HK\$16.0 million was converted into a total of 2,500,000 new shares of the Company at the agreed conversion price, and the remaining HK\$4.0 million was settled in cash, and such bonds have been settled in full; and

MANAGEMENT DISCUSSION AND ANALYSIS

- (ii) on 24 June 2026, the Group issued convertible bonds with a total principal amount of HK\$117.75 million, and as at 30 June 2026, the fair value of the liability component of these convertible bonds was approximately RMB93.0 million.

For details regarding the convertible bonds, please refer to the subsection headed "Use of Proceeds" under "Management Discussion and Analysis" and Note 24 to the consolidated financial statements of this report.

USE OF PROCEEDS

Use of Proceeds from Placing of Convertible Bonds Under General Mandate

(a) June 2025 Convertible Bonds

Details of the placing of convertible bonds with a total principal amount of HK\$20,000,000 under the general mandate by the Company on 30 June 2025 (the "**June 2025 Convertible Bonds**") have been disclosed in the Company's 2025 annual report and the announcements dated 19 June and 30 June 2025. The net proceeds from the June 2025 Convertible Bonds amounted to approximately HK\$19,100,000. As at 30 June 2025, the net proceeds had not been utilised. On 3 July 2025, the net proceeds were fully utilised as planned for the payment of the refundable deposit under the deed of call option. As at the date of this report, the net proceeds from the June 2025 Convertible Bonds have been fully utilised, with no unutilised balance.

(b) June 2026 Convertible Bonds

On 3 June 2026 (after trading hours), the Company entered into the subscription agreements with the subscribers respectively, pursuant to which the Company has conditionally agreed to issue, and the subscribers have conditionally agreed to subscribe for, the 5% coupon unlisted convertible bonds in the aggregate principal amount of HK\$117,750,000 (the "**June 2026 Convertible Bonds**"). All the conditions precedent under the subscription agreements have been fulfilled. Completion took place on 24 June 2026.

The initial conversion price of the June 2026 Convertible Bonds is HK\$7.6 per conversion share (subject to adjustment), representing a premium of approximately 28.8% over the closing price of HK\$5.900 per Share as quoted on the Stock Exchange on the date of the subscription agreements. Assuming the conversion rights attached to the June 2026 Convertible Bonds are exercised in full, the Company will allot and issue up to 15,493,421 conversion shares, representing (i) approximately 9.9% of the total number of Shares in issue of the Company as at the date of the subscription agreements; and (ii) approximately 9.0% of the total number of Shares in issue of the Company as enlarged by the allotment and issue of the conversion shares. The conversion shares will be allotted and issued under the general mandate.

The gross proceeds from the June 2026 Convertible Bonds amounted to approximately HK\$117.75 million, and the net proceeds amounted to approximately HK\$117.32 million (after deducting professional fees and other expenses in connection with the issuance). Based on the net proceeds divided by the maximum number of conversion shares calculated at the initial conversion price, the net price per conversion share is approximately HK\$7.57.

MANAGEMENT DISCUSSION AND ANALYSIS

Use of net proceeds	Planned use of net proceeds HK\$'million	Actual use of net proceeds as at 30 June 2026 HK\$'million	Unutilised net proceeds as at 30 June 2026 HK\$'million
Development of data centres	103.19	–	103.19
General working capital of the Group	14.13	–	14.13
	117.32	–	117.32

As at 30 June 2026, given that the issuance of these convertible bonds was only completed on 24 June 2026, the net proceeds had not yet been utilised and were deposited in full in the Company's bank accounts. The Company will utilise the net proceeds in due course in accordance with the planned use as described above. For details of the June 2026 Convertible Bonds, please refer to the Company's announcements dated 3 June 2026 and 24 June 2026.

USE OF PROCEEDS FROM ISSUANCE OF CONVERTIBLE BONDS UNDER SPECIFIC MANDATE

During the Reporting Period, the Company did not issue any convertible bonds or new Shares under a specific mandate.

March 2025 Convertible Bonds

On 27 March 2025, the Company entered into the subscription agreement with Mr. Chatchaval Jiaravanon and CMAG Fund SPC, both being subscribers, pursuant to which the Company has conditionally agreed to issue, and the subscribers have conditionally agreed to subscribe for, the bonds in an aggregate principal amount of HK\$120,000,000 (the "**March 2025 Convertible Bonds**") in order to acquire a land parcel in Thailand and commence the data centre business of the Group in Thailand. Based on the initial conversion price of HK\$4.0 per conversion share (subject to adjustment), a maximum of 30,000,000 Shares will be allotted and issued upon exercise of the conversion rights in full. The closing price per Share on the date of subscription agreement (being 27 March 2025) was HK\$4.00.

After deducting related expenses (including professional fees), the estimated net proceeds from the proposed issue of bonds amounted to approximately HK\$119,400,000. The Company intends to allocate up to approximately HK\$60,000,000 for potential land acquisitions, approximately HK\$10,000,000 for the Group's general working capital, and the remaining balance (up to approximately HK\$49,400,000) for the development of data centres. The net price per conversion share, which is calculated by dividing the aggregate net proceeds by the maximum number of the conversion shares based on the initial conversion price, is approximately HK\$3.98.

All the conditions precedent under the subscription agreement have been fulfilled. Completion took place on 12 August 2026 (subsequent to the Reporting Period). The bonds in the principal amount of HK\$120 million in aggregate have been issued by the Company, comprising HK\$90 million to the first subscriber and HK\$30 million to the second subscriber. On 26 August 2026 (subsequent to the Reporting Period), the bondholders of the March 2025 Convertible Bonds exercised the conversion rights in full, and the Company allotted and issued an aggregate of 30,000,000 conversion shares. The March 2025 Convertible Bonds have been fully converted, with no outstanding balance.

MANAGEMENT DISCUSSION AND ANALYSIS

In light of the business development needs of the Group (including the call option granted by Mr. Ma Gary Ming Fai, an executive Director, to the Company to acquire the Target Company, which indirectly holds a majority interest in a parcel of land in Thailand), the Board has resolved to reallocate the use of the net proceeds, with approximately HK\$113,600,000 to be used for the acquisition of the Target Company and the remaining balance of approximately HK\$5,800,000 to be used as general working capital of the Group. A sale and purchase agreement was entered into on 18 September 2026 in respect of the acquisition, and the completion is subject to the fulfilment of the conditions precedent and approval from independent shareholders. For details, please refer to the sub-paragraph headed “Events After the Reporting Period” under this section and the announcement of the Company dated 18 September 2026.

As the issuance of the March 2025 Convertible Bonds was completed subsequent to the Reporting Period, the Company had not received the relevant proceeds as at 30 June 2026.

For details of the March 2025 Convertible Bonds, change in use of proceeds and full conversion, please refer to the announcements of the Company dated 27 March, 25 July, 21 August, 29 September, 10 December 2025, 13 February, 10 April, 2 June, 12 August 2026, the circular dated 30 April 2025 and the poll results of the extraordinary general meeting held on 19 May 2025, as well as Note 24 to the consolidated financial statements.

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

During the Reporting Period, the Group financed its operations by internally generated cash flow, the net proceeds from the placing of convertible bonds under general mandate. As at 30 June 2026, the net current assets of the Group amounted to approximately RMB30.3 million (30 June 2025: approximately RMB13.2 million), including bank balances and cash of approximately RMB113.8 million (30 June 2025: approximately RMB42.2 million). As at 30 June 2026, the Group had no outstanding interest-bearing bank borrowings (30 June 2025: the Group had no outstanding interest-bearing bank borrowings). As at 30 June 2026, the current ratio, being the ratio of current assets to current liabilities, was approximately 1.2 (30 June 2025: 1.2).

The Group’s principal financing includes convertible bonds (approximately RMB93.0 million as at 30 June 2026) and the amount due to a substantial shareholder (unsecured, interest-free and repayable on demand). For details of the convertible bonds and the use of proceeds, please refer to the section headed “Use of Proceeds” in this report.

CAPITAL STRUCTURE

As at 30 June 2026, the Company’s issued capital was HK\$15,638,853 and the number of its issued ordinary shares was 156,388,529 of par value of HK\$0.1 each. During the Reporting Period, the Company issued 2,500,000 ordinary shares upon the partial conversion of the June 2025 Convertible Bonds. For details of the movements in the share capital of the Company, please refer to the section headed “Share Capital” in this report.

As at 30 June 2026, the Group’s total equity attributable to owners of the Company amounted to approximately RMB39.8 million (30 June 2025: approximately RMB35.9 million). The Group’s equity attributable to owners of the Company included share capital and reserves.

MANAGEMENT DISCUSSION AND ANALYSIS

FOREIGN EXCHANGE EXPOSURE RISKS

Although the Group primarily conducts its business transactions in RMB and the associated foreign exchange fluctuation risk is not significant, the Group remains exposed to the risk of exchange rate fluctuations between RMB and HK\$ and US\$, as its convertible bonds are denominated in HK\$ and the consideration for the future acquisition of the Target Company is denominated in US\$. As at 30 June 2026, the Group was not a party to any foreign exchange hedging instruments. Nevertheless, the Group will closely monitor its foreign exchange risk and consider adopting appropriate hedging arrangements when necessary.

FINANCIAL POLICIES

The Group is exposed to liquidity risk in respect of settlement of its trade payables and financing obligations, and also in respect of its cash flow management. The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and long term.

In addition, given the substantial capital investment required for the development of the Group's data centre business, the Group will continue to optimise its financing structure and make appropriate use of financing instruments such as convertible bonds to support business expansion and maintain a sound financial position.

GEARING RATIO

The gearing ratio as at 30 June 2026 (defined as total debt divided by total equity, where total debt represents all liabilities excluding contract liabilities, trade payables, tax payable, deferred tax liabilities and provision (if any)) was approximately 3.86 times (30 June 2025: approximately 2.13 times).

CAPITAL COMMITMENTS

As at 30 June 2026, the Group did not have any material capital commitments contracted for. For details of the Group's future capital expenditure plans, please refer to the section headed "Future Plans for Material Investments or Capital Assets" in this report.

PLEDGE OF ASSETS

On 25 January 2022, the Company entered into an agreement with Yaobang Group, pursuant to which the Company provided a parcel of land and buildings located at Chengdu City as pledge for the term of 36 months to assist Yaobang Group in obtaining financing from Bank(s) of up to RMB60,000,000 to develop the data centre business in the PRC. Such agreement was approved at the extraordinary general meeting on 12 April 2022.

On 25 May 2022, Yaobang Group entered into an agreement with ICBC relating to working capital loans in an amount of RMB45.0 million with a term of 12 months. On 7 June 2024, the Intermediate People's Court of Dongguan City, Guangdong Province, issued a final judgment confirming that the bank may enforce the pledge and sell the properties by auction to settle the debt.

MANAGEMENT DISCUSSION AND ANALYSIS

For further details, please refer to the Company's announcement dated 25 January 2022, circular dated 25 March 2022, and subsequent voluntary announcements dated 2 June 2023 and 24 January 2024. For the latest developments of such matter, please refer to the section headed "Other Matters During the Previous Financial Years" under "Management Discussion and Analysis" of this report.

Other than that, the Group had no asset pledge agreement.

SIGNIFICANT INVESTMENTS HELD

There was no individual investment with a carrying value of 5% or more of the Group's total assets as at 30 June 2026.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group continues to advance the strategic layout of its data centre business, and its future plans for material investments and capital assets primarily include:

- (i) Data Centre Project in Rayong Province, Thailand: On 18 September 2026, the Group entered into the Sale and Purchase Agreement with Mr. Ma Gary Ming Fai, an executive Director and a substantial shareholder, to conditionally acquire approximately 51.94% equity interest and shareholder's loans in Intelligence Advantage Limited, the Target Company, at the consideration of US\$16,953,376 in total. The Target Company indirectly holds a parcel of land in Rayong Province, Thailand (with a total area of approximately 140,302 square metres) and operates a data centre business. Subsequent to the Reporting Period, the Target Company has received a tender award notice from a leading internet company and entered into a 10-year colocation services agreement of approximately US\$1.6 billion. The acquisition constitutes a major and connected transaction of the Group which is subject to the fulfilment of the conditions precedent and approval from independent shareholders. For details, please refer to the sub-paragraph headed "Events After the Reporting Period" under this section and the announcement of the Company dated 18 September 2026.

The Project is expected to require substantial capital investment. In addition to the land acquisition costs, it is expected that funding of approximately US\$700 million will be required up to the first delivery under the Service Contract, which is expected to be substantially financed by bank financing. Such capital requirement is also expected to be financed by the share capital of and loan financing received by the Target Group, further financial support from its shareholders and/or equity or debt financing after completion if any suitable opportunity arises.

- (ii) Inner Mongolia Data Centre Project: Through an indirect non-wholly-owned subsidiary (in which the Group holds a 51% interest), the Group has acquired the 50-year land use rights for two parcels of industrial land located in Hohhot (approximately 50,034 square metres) and Xilingol League (approximately 107,969.77 square metres), Inner Mongolia Autonomous Region, for the construction of self-owned multi-tenant hyperscale artificial intelligence data centres and intelligent computing centres. Subsequent to the Reporting Period, the Group received a bid award notification for 500 MW from a leading social media platform company. The Group will proceed with the subsequent preparatory and construction work for the aforesaid land as planned. For further details, please refer to the section headed "Events After the Reporting Period" in this report.

MANAGEMENT DISCUSSION AND ANALYSIS

- (iii) Hebei Gu'an Project: The Group is in discussions with Mr. Lai Ningning, an executive Director and a substantial shareholder, regarding the potential acquisition of a company controlled by him, which has received a non-binding indication of interest for 60 MW from a leading e-commerce company. If materialised, the potential acquisition may constitute a major and connected transaction of the Company. For further details, please refer to the sections headed "Significant Events During the Reporting Period" and "Connected Transactions" in this report.

Save as disclosed in this report, as of the date of this report, the Group has no specific plans regarding significant investments or capital assets. However, the Group will continue to seek investment opportunities to align with our strategic development domestically and internationally, thereby enhancing our sustainable development. The Group will proceed with the respective investments in due course in accordance with the above plans and make further announcements as and when appropriate.

CONTINGENT LIABILITIES

As of the date of this report, save as disclosed in "Pledge of Assets" in this report, the Group had no significant contingent liabilities.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2026, the Group engaged a total of 203 employees (30 June 2025: 197) including the Directors. During the Reporting Period, total staff costs (including equity-settled share-based payment to Directors) amounted to approximately RMB14.8 million (the corresponding period of last year: approximately RMB15.8 million). Remuneration (including employees' benefits) is maintained at an attractive level and reviewed on a periodic basis. Employees' salary and relevant benefits are determined on the basis of performance, qualification, experience, positions and the Group's business performance.

ENVIRONMENT POLICIES AND PERFORMANCE

The principal activity of the Group is governed by PRC environmental laws and regulations including the Environment Protection Law of the PRC. These laws and regulations cover a broad range of environmental issues, including air pollution, noise emissions, discharge of sewage and waste residues.

The Group recognises the importance of environmental protection and has implemented various environmental protection measures in order to minimise the operation impact on the environment and natural resources. The Group will continue to monitor the production process in order to ensure that it does not have significant adverse effect on the environment and that the Group's environment protection measures are adequate to ensure compliance with all applicable current local and national PRC regulations.

As of the date of this report, no major administrative sanction, penalty or punishment has been imposed upon the Group for the violation of any environmental laws or regulations. °

The environment, social and governance report of the Group for the Reporting Period will be issued on the websites of the Stock Exchange and the Company (www.qtbqjj.com) on 30 September 2026.

MANAGEMENT DISCUSSION AND ANALYSIS

OTHER MATTERS DURING THE PREVIOUS FINANCIAL YEARS

Litigation

Reference is made to the announcements of the Company dated 25 January 2022, 2 June 2023, 24 January 2024 and 2 July 2024 and the circular of the Company dated 25 March 2022 in relation to the provision of land and buildings located in Chengdu by the Company as a pledge to facilitate Yaobang Group in obtaining financing of up to RMB60,000,000 from a bank (with a loan of RMB45.0 million ultimately obtained) for the development of data centre business in China. On 16 January 2024, the Third People's Court of Dongguan City, Guangdong Province handed down a judgment confirming that the bank may enforce the pledge and sell the properties through auction to repay the debt. Following the appeals lodged by Sichuan Greenland and the bank, the Intermediate People's Court of Dongguan City, Guangdong Province delivered a final judgment on 7 June 2024 upholding the original judgment. As disclosed in the 2022/23 annual report, the Group has recognised an impairment loss of approximately RMB49.8 million in respect of the pledged properties.

During the Reporting Period and up to the date of this report, two judicial auctions and one sale have been conducted in respect of the pledged properties, all of which were unsuccessful. As at the date of this report, the Company has not received any updated notice regarding the further disposal of such properties, save that the relevant creditor has sent representatives to inspect the properties. The judicial disposal proceedings in respect of the pledged properties remain ongoing.

Meanwhile, the Group has gradually shifted the operational focus of its furniture business to Shangcheng Smart, which is continuing to take over part of the production capacity of the original production base.

The Group has initiated legal proceedings and applied for property preservation against the borrower, which have been accepted by the court. On 20 June 2024, the court handed down a default judgment requiring the borrower to discharge the mortgage and pay the costs. As at the date of this report, pursuant to the aforesaid judgment, the defendant has not yet fulfilled its responsibilities and obligations. The Group is continuously following up on the enforcement of the judgment and will continue to take necessary legal measures to safeguard the interests of the Group.

The Company will make further announcements on any material developments in this regard as and when appropriate.

MANAGEMENT DISCUSSION AND ANALYSIS

SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

Data Centre Business Layout and Progress

During the Reporting Period, the Group continued to advance the strategic transformation of its data centre business from “resource integration” to “independent construction”, with its domestic and overseas layouts progressing in an orderly manner:

Domestic layout: In the previous financial year, through an indirect non-wholly-owned subsidiary (in which the Group holds a 51% interest), the Group acquired two parcels of industrial land located in Hohhot (approximately 50,034 square metres) and Xilingol League (approximately 107,969.77 square metres), Inner Mongolia Autonomous Region, for the construction of self-owned multi-tenant hyperscale artificial intelligence data centres and intelligent computing centres. During the Reporting Period, the Group continued to advance the implementation of subsequent preparatory and planning work for the aforesaid land, and the relevant preliminary preparatory work proceeded in an orderly manner.

Gu’an Project: On 22 April 2026, the Company announced that it was in discussions with Mr. Lai Ningning, an executive Director and a substantial shareholder, regarding the potential acquisition of a company controlled by him. It is understood that the potential target company has received a non-binding indication of interest from a leading Chinese e-commerce company (which has launched its own proprietary large language model and artificial intelligence computing power platform) in relation to the provision of data centre services with a total processing capacity of 60 MW in Gu’an County, Hebei Province, China. The potential target company has identified a parcel of land located in Gu’an County. If materialised, the potential acquisition may constitute a major and connected transaction of the Company. As at the date of this report, no agreement on material terms has been reached in respect of the potential acquisition, nor has any definitive agreement been entered into.

Thailand layout: The Group has been advancing the relevant work for indirectly acquiring data centre assets in Rayong Province, Thailand, pursuant to the deed of call option. During the Reporting Period, the Target Company entered into a land sale and purchase agreement, obtained the necessary approvals for power supply to the land in or around July 2025, obtained the land title deed in or around February 2026, and the installation works for water and electricity infrastructure were also substantially completed in mid-February 2026. Multiple potential customers have approached the Target Group in relation to the provision of data centre services for the project. For the progress of the bid awards and contract signings for the Thailand project subsequent to the Reporting Period, please refer to the section headed “Events After the Reporting Period” in this report.

Termination and Re-granting of Call Option

On 10 December 2025, the Company entered into a supplemental deed to the deed of call option with Mr. Wen Li to extend the exercise period of the call option to 30 June 2026. On 27 March 2026, as Mr. Wen was unable to continue his full participation in the planning of the data centre business of the Target Company and the negotiations with potential customers, the Company and Mr. Wen entered into a deed of termination to terminate the original deed of call option; on the same day, the Company entered into a new deed of call option with Mr. Ma Gary Ming Fai, an executive Director and a substantial shareholder, pursuant to which Mr. Ma granted a new call option to the Company on substantially the same terms for a consideration of HK\$1.00. As all the applicable percentage ratios in respect of the new call option are less than 5% and the total consideration is less than HK\$3,000,000, the connected transaction is fully exempt from the reporting, announcement, circular and independent shareholders’ approval requirements. The exercise period of the new call option expires on 31 December 2026.

MANAGEMENT DISCUSSION AND ANALYSIS

On 14 April 2026, the Target Company entered into a share subscription agreement with Speed Ventures Limited, pursuant to which the investor conditionally agreed to subscribe for an aggregate of not more than 5,000 new ordinary shares in the Target Company (at US\$10,000 per share), of which 1,240 shares were initially subscribed for (for a total consideration of US\$12,400,000, equivalent to approximately HK\$96,720,000), representing approximately 48.06% of the enlarged issued share capital of the Target Company. Completion of the share subscription agreement took place during the Reporting Period. Following the completion of the initial subscription, Mr. Ma continues to hold approximately 51.94% equity interest in the Target Company, which satisfies the 51% threshold stipulated in the new deed of call option.

Convertible Bonds under Specific Mandate (“March 2025 Convertible Bonds”, Multiple Extensions of the Completion Date)

As disclosed in the announcement of the Company dated 27 March 2025 and the circular of the Company dated 30 April 2025, the Company proposed to issue convertible bonds with a total principal amount of HK\$120,000,000 under a specific mandate (the “**March 2025 Convertible Bonds**”). During the Reporting Period, as the expected timetable for the relevant tender process was extended from time to time, the Company and the subscribers entered into six supplemental agreements on 25 July 2025, 21 August 2025, 29 September 2025, 10 December 2025, 13 February 2026 and 10 April 2026, to extend the long stop date of the subscription agreement to 20 August 2025, 30 September 2025, 15 December 2025, 15 February 2026, 15 April 2026 and 31 October 2026, respectively.

On 2 June 2026, the Company published a supplemental announcement to provide an update on the progress of the Thailand data centre project and the reasons for the extension of the long stop date. For details regarding the completion of the issuance and the full conversion of the convertible bonds under the specific mandate subsequent to the Reporting Period, please refer to the sections headed “Use of Proceeds” and “Events After the Reporting Period” in this report.

Annual General Meeting

On 20 October 2025, the Company held its Annual General Meeting, at which all the resolutions set out in the notice were duly passed by the Shareholders by way of poll, including: (i) the re-election of Mr. Yi Cong and Mr. Liang Xing Jun as executive Directors and Mr. Chan Wing Kit as an independent non-executive Director; (ii) the re-appointment of ZHONGHUI ANDA CPA Limited as auditor of the Company; (iii) the granting of a general mandate to the Directors to allot, issue and deal with additional Shares not exceeding 20% of the issued Shares of the Company; and (iv) the granting of a repurchase mandate to the Directors to repurchase Shares not exceeding 10% of the issued Shares of the Company.

Settlement of the June 2025 Convertible Bonds

During the Reporting Period, the zero-coupon convertible bonds with a total principal amount of HK\$20,000,000 issued by the Company in June 2025 were settled in full, of which a principal amount of HK\$16,000,000 was converted into an aggregate of 2,500,000 ordinary Shares of the Company at a conversion price of HK\$6.4 per Share, and the remaining principal amount of HK\$4,000,000 was settled in cash by the Company. For details, please refer to the section headed “Share Capital” in this report.

MANAGEMENT DISCUSSION AND ANALYSIS

Convertible Bonds under General Mandate (“June 2026 Convertible Bonds”)

On 3 June 2026 (after trading hours), the Company entered into subscription agreements with subscriber A (Mr. Hui Wai Lun) and subscriber B (Mr. Hung Kwong Yee), respectively, pursuant to which the Company conditionally agreed to issue, and the subscribers conditionally agreed to subscribe for, 5% coupon unlisted convertible bonds in an aggregate principal amount of HK\$117,750,000 (the “June 2026 Convertible Bonds”). Mr. Hui Wai Lun and Mr. Hung Kwong Yee are both independent third parties and are not connected with the Company or its connected persons. The initial conversion price is HK\$7.6 per conversion share, representing a premium of approximately 28.8% over the closing price of HK\$5.900 per Share as quoted on the Stock Exchange on the date of the subscription agreements. All conditions precedent under the subscription agreements have been fulfilled, and completion took place on 24 June 2026.

For details of the net proceeds and the use of proceeds of the June 2026 Convertible Bonds, please refer to the section headed “Use of Proceeds” in this report.

EVENTS AFTER THE REPORTING PERIOD

Bid Award and Contract Signing for the Thailand Data Centre Project

On 15 July 2026, the Target Group, being the subject of the new call option, received a bid award notification from a leading internet company and expected to enter into a definitive agreement with such company for the provision of hosting services within one month, with an estimated contract value ranging from US\$1.5 billion to US\$1.6 billion. On 28 July 2026, the Target Group and the internet company formally entered into a definitive agreement with a contract value of approximately US\$1.6 billion (exclude power charges) in relation to the provision of colocation services for a term of 10 years.

As the Target Group was not a member of the Group at the time of the bid award and contract signing, and the Company is not a party to the definitive agreement, whether the Company will benefit from the definitive agreement will depend on, among other things, the financing and operational conditions of the Target Group and the completion of the acquisition proposed to be undertaken by the Group. On 18 September 2026 (after trading hours), the Company entered into the Sale and Purchase Agreement with Mr. Ma Gary Ming Fai, an executive Director and a substantial shareholder, pursuant to which the Company has conditionally agreed to acquire approximately 51.94% equity interest and shareholder’s loans of US\$3,553,376 in Intelligence Advantage Limited, the Target Company, at the consideration of US\$16,953,376 in total (determined on an at-cost basis). Of the consideration, HK\$19,100,000 has been paid as the Deposit, and the remaining balance of US\$14,518,126 shall be paid within 7 days after the Completion Date. Completion shall be conditional upon and subject to the satisfaction of a number of conditions precedent, including approval from independent shareholders, the Target Group having beneficial ownership of not less than 51% interests of the Land and the valuation of the Land being not less than THB494,626,019.81. As the Vendor is a connected person, the Acquisition constitutes a major and connected transaction of the Group which is subject to approval from independent shareholders. As at the date of this announcement, apart from the completion of the Reorganisation, none of the conditions precedent has been satisfied or waived. For details, please refer to announcement of the Company dated 18 September 2026.

MANAGEMENT DISCUSSION AND ANALYSIS

Bid Award for the Inner Mongolia Data Centre Project

On 7 August 2026, the Group, through a company controlled by Mr. Lai Ningning, an executive Director and a substantial shareholder, received a bid award notification from a leading social media platform company in relation to the provision of data centre services with a total processing capacity of approximately 500 MW for the data centre to be constructed in Hohhot, Inner Mongolia Autonomous Region, of which approximately 180 MW is expected to be delivered in phases from or around May 2027, subject to the finalisation of certain terms and conditions. This bid award has secured a major customer for the Group's data centre business in China. The Company will make further announcements on any material developments in relation to the signing of the formal agreement as and when appropriate.

Completion of Issuance and Full Conversion of Convertible Bonds under Specific Mandate ("March 2025 Convertible Bonds")

As disclosed in the announcement of the Company dated 27 March 2025 and the circular of the Company dated 30 April 2025, the Company proposed to issue convertible bonds with a total principal amount of HK\$120,000,000 under a specific mandate (the "**March 2025 Convertible Bonds**"). All conditions precedent under the subscription agreements have been fulfilled, and completion took place on 12 August 2026. The Company issued bonds with a total principal amount of HK\$120,000,000, comprising HK\$90,000,000 issued to the first subscriber and HK\$30,000,000 issued to the second subscriber.

In light of the business development needs of the Group, the Board has resolved to reallocate the use of the net proceeds, with approximately HK\$113,600,000 to be used for the acquisition of the Target Company and the remaining balance of approximately HK\$5,800,000 to be used as general working capital of the Group. A sale and purchase agreement was entered into on 18 September 2026 in respect of the acquisition, and the completion is subject to the fulfilment of the conditions precedent and approval from independent shareholders. For details, please refer to the sub-paragraph headed "Events After the Reporting Period" under this section and the announcement of the Company dated 18 September 2026.

The initial conversion price of the March 2025 Bonds is HK\$4.0 per conversion share (subject to adjustment). On 17 August 2026, the Company received conversion notices from the first subscriber (through its wholly-owned nominee company, GraceBao Co., Ltd.) and the second subscriber (CMAG Fund SPC – New Technology SP) exercising their rights to convert the bonds in the principal amounts of HK\$90,000,000 and HK\$30,000,000, respectively, at the conversion price of HK\$4.0 per conversion share. On 26 August 2026, the Company allotted and issued an aggregate of 30,000,000 conversion shares (including 22,500,000 conversion shares allotted and issued to GraceBao and 7,500,000 conversion shares allotted and issued to the second subscriber). The bonds issued under the specific mandate have been fully converted, with no outstanding balance. Following the conversion, the total number of issued Shares of the Company is 186,388,529.

For details of the convertible bonds under the specific mandate, please refer to the announcement of the Company dated 12 August 2026 and the section headed "Use of Proceeds" in this report.

Save as aforesaid, as at the date of this report, the Company has no other material events after the reporting period.

MANAGEMENT DISCUSSION AND ANALYSIS

CHANGES IN DIRECTORS' INFORMATION

There were no changes in the information of the Directors required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules for the year ended 30 June 2026 and up to the date of this report.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

On 18 September 2026 (after trading hours), the Company entered into the Sale and Purchase Agreement with Mr. Ma Gary Ming Fai, an executive Director and a substantial shareholder, pursuant to which the Company has conditionally agreed to acquire approximately 51.94% equity interest and shareholder's loans of US\$3,553,376 in Intelligence Advantage Limited, the Target Company, at the consideration of US\$16,953,376 in total. The acquisition constitutes a major and connected transaction of the Group which is subject to the fulfilment of the conditions precedent and approval from independent shareholders. Upon completion, the Target Company will become a direct non-wholly owned subsidiary of the Company. For details, please refer to the sub-paragraph headed "Events After the Reporting Period" under this section and the announcement of the Company dated 18 September 2026.

Save as disclosed above, the Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies as at the date of this report.

CORPORATE GOVERNANCE REPORT

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 C1 of the GEM Listing Rules. During the year ended 30 June 2026 and up to the date of this report, the Company has complied with the applicable code provisions ("**Code Provisions**") of the CG Code, except for the following deviations: :

- (a) Code provision C.2.1 of the CG Code provides that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.

The Company does not have a chairman of the Board since the resignation of Mr. Ma Gary Ming Fai from that position in September 2018. The duties of the chairman have been taken up by the chief executive officer of the Company during the transition period. The Board is in the process of locating appropriate candidate to fill the vacancy of the chairman. During the Reporting Period, the duties of the chairman were performed by Mr. Lai Ningning, the Chief Executive Officer. The chief executive officer is responsible for the day-to-day management of the business and provides leadership for the Board. Despite the roles/duties of the chairman and chief executive are performed by the same person, the Board considers that the transitional arrangement provides efficient communications and strong leadership and thus is beneficial to the Group. Balance of power is safeguarded in that major matters are discussed at the Board room and decided by Directors in Board meetings. Each Director can also propose issues to which he concerns at Board meetings.

- (b) Code provision F.2.2 of the CG Code provides that the chairman of the board of directors should attend the annual general meeting. He should also invite the chairmen of the audit, remuneration, nomination and any other committees (as appropriate) to attend. In their absence, he should invite another member of the committees or failing this their duly appointed delegate, to attend. These persons should be available to answer questions at the annual general meeting. The issuer's management should ensure the external auditor attend the annual general meeting to answer questions about the conduct of the audit, the preparation and content of the auditors' report, the accounting policies and auditor independence.

As disclosed above, there is no chairman of the Board during the Reporting Period. The duties of the chairman are performed by the chief executive officer of the Company. All Directors attended the annual general meeting of the Company held on 20 October 2025 (the "**2025 AGM**"). Representative(s) of the external auditor, ZHONGHUI ANDA CPA Limited, also attended the 2025 AGM. The Company considers that the members of the Board who attended the 2025 AGM were able to sufficiently answer questions from shareholders at the 2025 AGM.

The Board will continue to review and implement steps/measures as appropriate in a timely manner in order to comply with the requirements of the CG Code and enhance the corporate governance practices of the Group.

CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS

The Board is responsible for leadership and control of the Company and oversees the management of the business and affairs of the Company. The Directors are accountable for making decisions objectively in the best interest of the shareholders as a whole.

The day-to-day management, administration and operation of the Company are delegated to the executive Directors. The independent non-executive Directors are responsible for participating in Board meetings and to take the lead where potential conflicts of interest arise and for serving on the audit, remuneration, nomination and any other governance committees, if invited.

The Board is responsible for making decisions on all major aspects of the Company's affairs, including the approval and monitoring of key policy matters, overall strategies, business plans and annual budgets, internal control and risk management systems, material transactions (especially those involving any conflict of interest), major capital expenditure, appointment of Directors and other significant financial and operational matters.

Board composition

Up to the date of this report, the Board comprised eight Directors, including four executive Directors, one non-executive Director and three independent non-executive Directors. Details of their composition by category are as follows:

Executive Directors

Mr. Lai Ningning (*Chief Executive Officer*) (appointed on 2 August 2021 and appointed as Chief Executive Officer on 23 December 2024)

Mr. Yi Cong (appointed on 19 May 2016, resigned as compliance officer on 1 April 2021, resigned as Chief Executive Officer on 18 October 2024, and remained as an executive Director)

Mr. Liang Xing Jun (appointed on 19 May 2016)

Mr. Ma Gary Ming Fai (*compliance officer*) (appointed on 1 April 2021)

Non-executive Director

Mr. Luo Guoqiang (appointed on 28 September 2018)

Independent Non-executive Directors

Mr. Chan Wing Kit (appointed on 17 December 2016)

Ms. Chan Pui Shan (appointed on 18 October 2024)

Mr. Lin Xiaodong (appointed on 18 October 2024)

The details of Directors are set out in the section headed "Biographies of Board of Directors and Senior Management" on pages 62 to 65 of this report. The wife of Mr. Yi Cong is the sister of the wife of Mr. Liang Xing Jun. Other than that, there are no family or other material relationships among members of the Board.

The Group is governed by the Board which has the responsibility for leadership and monitoring of the Group. The Directors are collectively responsible for promoting the success of the Group by directing and supervising the Group's affairs.

CORPORATE GOVERNANCE REPORT

The Board sets strategies and directions for the Group's activities with a view to developing its business and enhancing shareholder value. The Board has delegated the daily operation and day-to-day management of the Group as well as the implementation of the Board's policies and strategies to the executive Directors and management of the Group.

Number of Meetings and Directors' Attendance

The Board will conduct at least four regular meetings a year. At least a 14-day notice will be given to all Directors before convening any Board meeting. All related information will be submitted to the Directors at least three days in advance. The Directors can attend meetings in person or through other means of electronic communication in accordance with the Company's second amended and restated articles of association (the "Articles").

During the Reporting Period, the Company held five Board meetings, two audit committee (the "Audit Committee") meetings, one remuneration committee (the "Remuneration Committee") meeting and one nomination committee (the "Nomination Committee") meeting. All minutes of the Board meetings and meetings of Board committees recorded in sufficient detail the matters considered by the Board and the decisions reached. During the Reporting Period, the Audit Committee held meetings to review the accounting principles and practices adopted by the Group and the financial results, whether there was any significant issues on financial reporting, internal control and risk management systems and the re-appointment and remuneration of the external auditor. During the Reporting Period, the Remuneration Committee held a meeting to review the remuneration policy and package of the executive Directors and senior management of the Group, and to review the remuneration of the non-executive Directors. No material matters relating to share schemes under Chapter 23 of the GEM Listing Rules were required to be reviewed or approved by the Remuneration Committee during the Reporting Period. During the Reporting Period, the Nomination Committee held a meeting to review the structure, size and composition of the Board, the resignation and possible appointment of Directors, the independence of the independent non-executive Directors, the Board Diversity Policy and the Nomination Policy as well as to consider and make recommendations to the Board on the appointment of new Directors and reappointment of the Directors standing for re-election at the annual general meeting of the Company. Details of the attendance of Directors are as follows:

Name of Directors	Attendance/Number of meetings				Annual General Meeting
	Board Meeting	Audit Committee	Remuneration Committee	Nomination Committee	
Executive Directors:					
Mr. Lai Ningning	5/5	–	–	–	1/1
Mr. Ma Gary Ming Fai	3/5	–	–	–	1/1
Mr. Yi Cong	5/5	–	–	–	1/1
Mr. Liang Xing Jun	5/5	–	–	–	1/1
Non-executive Director:					
Mr. Luo Guoqiang	5/5	–	–	–	1/1
Independent Non-executive Directors:					
Mr. Chan Wing Kit	5/5	2/2	1/1	1/1	1/1
Ms. Chan Pui Shan	4/5	2/2	1/1	1/1	1/1
Mr. Lin Xiaodong	5/5	2/2	1/1	1/1	1/1

CORPORATE GOVERNANCE REPORT

The company secretary of the Company ("**Company Secretary**") attended all the scheduled Board meetings to report on matters arising from corporate governance, risk management, statutory compliance, accounting and finance.

In compliance with Rule 5.05(1), 5.05(2) and 5.05A of the GEM Listing Rules, the Company has appointed three independent non-executive directors (the "**INEDs**") representing more than one-third of the Board and at least one of whom has appropriate professional qualifications or accounting or related financial management expertise. The INEDs have brought in a wide range of business and financial expertise, experiences and independent judgement to the Board. Through active participation in the Board meetings and serving on various Board committees, all INEDs have made various contributions to the Company. The Board believes that the Board has sufficient independence to safeguard the interests of the Shareholders.

Practice and Conduct of Meetings

Annual meeting schedules and draft agenda of each meeting are normally made available to Directors in advance. At least 14 days' notice will be given for a regular Board meeting. For other Board and committees meetings, reasonable notices are generally given. Board papers together with all appropriate, complete and reliable information are sent to all Directors at least three days before each Board meeting or Board committees meeting to keep the Directors apprised of the latest developments and financial position of the Company and to enable them to make informed decisions.

Minutes of all Board meetings recording sufficient details of matters considered and decisions reached are duly kept by the Company Secretary at the meetings and open for inspection by the Directors.

The Articles contain provisions requiring Directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such Directors or any of their associates have a material interest.

Appointment and Re-election of Directors

The Articles provide that at each annual general meeting one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election. The Company at the general meeting at which a Director retires may fill the vacated office.

The Directors to retire by rotation shall include (so far as necessary to obtain the number required) any Director who wishes to retire and not to offer himself for re-election. Any Director who has not been subject to retirement by rotation in the three years preceding the annual general meeting shall retire by rotation at such annual general meeting. Any further Directors so to retire shall be those who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot. A Director is not required to retire upon reaching any particular age.

If at any general meeting at which an election of Directors ought to take place, the places of the retiring Directors are not filled, the retiring Directors or such of them as have not had their places filled shall be deemed to have been re-elected and shall, if willing, continue in office until the next annual general meeting and so on from year to year until their places are filled.

CORPORATE GOVERNANCE REPORT

The non-executive Directors should be appointed for a specific term and subject to re-election. Each of the non-executive Director and independent non-executive Directors has entered into an appointment letter with the Company. The appointment letter of each of the non-executive Director and independent non-executive Directors is for a term of three years commencing from the Listing Date (i.e. 20 January 2017) or their appointment date (as the case may be), which would be renewed yearly when expired and may be terminated by not less than three months' notice in writing served by either party on the other. The aforesaid appointment letters are subject to termination provisions therein and the retirement and re-election provisions in the Articles. Details of the appointment letters are summarised in the Report of the Board of Directors on page 48 of this report.

DIRECTORS' CONTINUOUS TRAINING AND PROFESSIONAL DEVELOPMENT

To assist Directors' continuing professional development, the Company recommends Directors to participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. Up to the date of this report, all Directors have participated in continuous professional development by attending training course or reading relevant materials on the topics related to corporate governance and regulations. Records of the training received by the respective Directors are kept and updated by the Company Secretary.

Independent non-executive Directors

Mr. Chan Wing Kit, Ms. Chan Pui Shan and Mr. Lin Xiaodong were appointed as the independent non-executive Directors. The appointment of Mr. Chan Wing Kit became effective from 17 December 2016, and the appointments of Ms. Chan Pui Shan and Mr. Lin Xiaodong became effective from 18 October 2024.

The Company has received from each of its independent non-executive Directors their written annual confirmation of his/her independence. Each independent non-executive Director confirmed that he/she has no relationship with the Company, its controlling shareholders and other Directors, and that no material conflicts of interest may affect his/her independence, meeting the independence criteria set out in Rule 5.09 of the GEM Listing Rules. The Company also considers the independent non-executive Directors to be independent in accordance with Rule 5.09 of the GEM Listing Rules.

Non-executive Director

Mr. Luo Guoqiang was appointed as the non-executive Director with effect from 28 September 2018.

Executive Directors

Mr. Lai Ningning, Mr. Yi Cong, Mr. Liang Xing Jun, and Mr. Ma Gary Ming Fai were appointed as the executive Directors with effect from 2 August 2021 for Mr. Lai Ningning, 19 May 2016 for Mr. Yi Cong and Mr. Liang Xing Jun, and 1 April 2021 for Mr. Ma Gary Ming Fai.

On 18 October 2024, Mr. Yi Cong resigned as Chief Executive Officer and remained as an executive Director. On 23 December 2024, Mr. Lai Ningning, an executive Director, was appointed as the Chief Executive Officer and, by the order of the Board, is also responsible for the effective functioning of the Board in accordance with good corporate governance practice. The Chief Executive Officer is responsible for the management of the business of the Group, implementation of the policies and objectives set out by the Board and is accountable to the Board for the overall operation of the Group.

CORPORATE GOVERNANCE REPORT

BOARD COMMITTEES

Audit Committee

The Audit Committee comprises three independent non-executive Directors, namely Mr. Chan Wing Kit, Ms. Chan Pui Shan and Mr. Lin Xiaodong. Mr. Chan Wing Kit is the chairman of the Audit Committee.

The primary duties of the Audit Committee are to assist the Board by providing an independent view of the effectiveness of the Group's internal control, internal audit function and risk management system, overseeing the balance, transparency and integrity of the Company's financial statements and the application of financial reporting principles, reviewing the relationship with the external auditor and its independence assessment and the adequacy of resources, qualifications and experience of the Company's accounting staff, their training programs and budget.

The Audit Committee has reviewed the Group's consolidated financial statements for the Reporting Period. The full terms of reference setting out details of duties of the Audit Committee is available on the websites of the Stock Exchange and the Company. Details of the number of Audit Committee meetings held and Directors attendance are set out in the section headed "Number of Meetings and Directors' Attendance" on page 33 in this report.

Remuneration Committee

The Remuneration Committee comprised three independent non-executive Directors, namely Mr. Chan Wing Kit, Ms. Chan Pui Shan and Mr. Lin Xiaodong. Mr. Chan Wing Kit is the chairman of the Remuneration Committee.

The primary duties of the Remuneration Committee are to make recommendation to the Board on the overall remuneration policy and structure relating to all Directors and senior management of the Group, review, assess performance of Directors and approve the management's remuneration proposals, and ensure none of the Directors determine their own remuneration. The Remuneration Committee is also responsible for reviewing and/or approving matter relation to share schemes under Chapter 23 of the GEM Listing Rules and approving the grant of options and share awards to eligible participants pursuant to the share schemes of the Company. The Remuneration Committee has adopted the approach made under E.1.2(c)(ii) of the CG Code to make recommendations to the Board on the remuneration packages of individual executive Director and senior management of the Company. The full terms of reference setting out details of duties of the Remuneration Committee is available on the websites of the Stock Exchange and the Company. Details of the number of Remuneration Committee meetings held and Directors attendance are set out in the section headed "Number of Meetings and Directors' Attendance" on page 33 in this report.

Senior Management's remuneration

Remuneration of the senior management of the Group (excluding Directors) for the Reporting Period falls within the following band:

RMB	Number of Individuals
Nil to 1,000,000	4

Details of the remuneration of the Directors and the five highest paid individuals are set out in Note 12 to the consolidated financial statements.

CORPORATE GOVERNANCE REPORT

Remuneration policy

The remuneration policy of the Group for the Directors and senior management members was based on their experience, level of responsibility, individual performance and achievements, taking into account market competitiveness with reference to the recommendations made by the remuneration committee of the Board. Any discretionary bonus and other merit payments are linked to the performance of the Group and the individual performance of the Directors and senior management members. The Company has adopted a share option scheme as an incentive to Directors and other relevant eligible participants.

Nomination Committee

The Nomination Committee comprised three independent non-executive Directors, namely Mr. Chan Wing Kit, Ms. Chan Pui Shan and Mr. Lin Xiaodong. Mr. Chan Wing Kit is the chairman of the Nomination Committee.

The policy for the nomination of Directors, including the nomination procedure and process, are to invite nominations from Board members or Nomination Committee members. After undertaking adequate due diligence in respect of any such nominee, the Nomination Committee makes recommendations for the Board's consideration and approval. In the context of re-appointment of any existing member(s) of the Board, the Nomination Committee makes recommendations to the Board for its consideration and recommendation and for the proposed candidates to stand for re-election at annual general meeting.

The Nomination Committee considers the following criteria in assessing the suitability of the proposed candidate:

- (a) integrity;
- (b) accomplishment, experience and reputation in the relevant industry and other relevant sectors;
- (c) commitment in respect of sufficient time, interests and attention to the Company's business;
- (d) diversity in all aspects, including but not limited to gender, age, cultural and educational background, experience (professional or otherwise), skills and knowledge;
- (e) the ability to assist and support management and make significant contributions to the Company's success;
- (f) compliance with the criteria of independence as prescribed under Rule 5.09 of the GEM Listing Rules of The Stock Exchange of Hong Kong Limited for the appointment of an independent non-executive Director; and
- (g) any other relevant factors as may be determined by the Nomination Committee or the Board from time to time.

The full terms of reference setting out details of duties of the Nomination Committee is available on the websites of the Stock Exchange and the Company. Details of the number of Nomination Committee meetings held and Directors attendance are set out in the section headed "Number of Meetings and Directors' Attendance" on page 33 in this report.

CORPORATE GOVERNANCE REPORT

ACCOUNTABILITY AND AUDIT

Directors' and auditor's responsibilities for the consolidated financial statements

All Directors acknowledge their responsibility to prepare the Group's consolidated financial statements for each financial period to give a true and fair view of the financial position of the Group and of the results and cash flows for that period. In preparing the consolidated financial statements for the Reporting Period, the Board has selected suitable accounting policies and applied them consistently, made judgments and estimates that are prudent, fair and reasonable and prepared the consolidated financial statements of the Group on a going concern basis.

The Directors are responsible for taking all reasonable and necessary steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities. The statement of auditor about their reporting responsibilities on the consolidated financial statements is set out in the Independent Auditor's Report.

The Directors continue to adopt the going concern approach in preparing the consolidated financial statements and are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern.

ZHONGHUI ANDA CPA Limited ("Zhonghui"), has been appointed as the auditor of the Company with effect from 15 June 2022.

The reporting responsibilities of the Company's auditor, Zhonghui, are set out in the Independent Auditor's Report on pages 66 to 69 of this report.

AUDITOR'S REMUNERATION

During the Reporting Period, the remuneration paid or payable to the Company's auditor was as follows:

Services rendered	HK\$'000
Annual audit service for the Reporting Period	740
Non-audit service for the Reporting Period	10
Total	750

CORPORATE GOVERNANCE FUNCTIONS

No corporate governance committee has been established and the Board is responsible for performing the corporate governance functions such as developing and reviewing the Company's policies, practices on corporate governance, training and continuous professional development of the Directors and senior management, ensuring that the Company's policies and practices are in compliance with legal and regulatory requirements, and the code of conduct and compliance manual (if any) applicable to employees and Directors etc.

The Directors will review the Group's corporate governance policies and compliance with the CG Code each financial year and comply with the "comply or explain" principle in this corporate governance report.

CORPORATE GOVERNANCE REPORT

BOARD DIVERSITY POLICY

The Company has adopted a board diversity policy (the “**Board Diversity Policy**”) in accordance with the requirement as set out in the CG Code, which is summarised as below:

The Board Diversity Policy specifies that in designing the composition the Board, Board diversity shall be considered from a number of aspects, including but not limited to age, cultural and educational background, professional experience, skills and knowledge. All Board members’ appointment will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity of the Board.

The Nomination Committee has reviewed the Board Diversity Policy to ensure its effectiveness and considered that the Group achieved the objectives of the Board Diversity Policy.

As at the date of this report, the Board consists of one female and seven male Directors. The Board considers that the gender diversity in respect of the Board taking into account the business model and specific needs of the Company is satisfactory.

The Group has also taken, and continues to take, steps to promote diversity at all levels of its workforce. The Group thinks highly of employee diversity and avoids discrimination and unfairness in any aspects, including age and location. The Company welcomes all genders to join. The recruitment strategy is to employ a right staff for a right position regardless of the gender. The Company commits to providing equal opportunities to its staff in respect of recruitment, training and development, job advancement, and remuneration and benefits. Currently, the male to female ratio in the workforce of the Group including and excluding senior management are approximately 70.9:29.1 and 71:29, respectively. The Board considers that the gender diversity in workforce is currently achieved.

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 Reporting Period and up to the date of this report.

SIGNIFICANT CHANGES IN THE CONSTITUTIONAL DOCUMENTS

At the annual general meeting of the Company held on 9 December 2022, a special resolution was passed to adopt the second amended and restated memorandum and articles of association of the Company in substitution for, and to the exclusion of, the existing amended and restated memorandum and articles of association of the Company. For details, please refer to the relevant announcement of the Company dated 9 December 2022. The Articles are available on the websites of the Stock Exchange and the Company (www.qtbjgj.com).

CORPORATE GOVERNANCE REPORT

COMMUNICATION WITH SHAREHOLDERS

The Company endeavors to maintain an on-going dialogue with the shareholders and in particular, through annual general meetings or other general meetings to communicate with the shareholders and encourage their participation. The Company will ensure that there are separate resolutions for separate issues proposed at the general meetings. The Company will continue to maintain an open and effective investor communication policy and to update investors on relevant information on the Group's business in a timely manner, subject to relevant regulatory requirements.

General Meetings

The Company's annual general meeting will be held on 14 December 2026.

SHAREHOLDERS' RIGHTS

(a) Convening of extraordinary general meeting on requisition by shareholders

Pursuant to article 64 of the Articles, any shareholders holding at the date of deposit of the requisition not less than one tenth of the voting rights at general meetings of the Company on a one vote per Share basis shall at all times have the right, by written requisition to the Board or the Company Secretary, to require an extraordinary general meeting to be called by the Board for the transaction of any business or resolution specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

(b) Procedures for putting forward proposals at shareholders' meetings

Pursuant to the Articles, shareholders who wish to move a resolution may require the Company to convene an extraordinary general meeting following the procedures set out above.

(c) Enquiries to the Board

Shareholders may put forward enquiries to the Board in writing to the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the enquiries.

INVESTOR RELATIONS

The Company believes that maintaining a high level of transparency is a key to enhancing investor relations. It is committed to a policy of open and timely disclosure of corporate information to its shareholders and investment public. The Company updates its shareholders on its latest business developments and financial performance through its annual and interim reports. The corporate email of the Company (ir@qtbjgj.com) has provided an effective communication platform to the public and the shareholders.

The Board has reviewed the implementation and effectiveness of the Company's Shareholders' Communication Policy including steps taken at the general meetings and the multiple channels of communication and engagement in place, and considered that the Shareholders' Communication Policy has been properly implemented during the Reporting Period under review and is effective.

CORPORATE GOVERNANCE REPORT

COMPANY SECRETARY

On 31 May 2023, Ms. Yuen Lai Sheung was appointed as the company secretary of the Company. Ms. Yuen holds a Bachelor's Degree of Accounting from Monash University in Australia and she is currently a fellow member of Hong Kong Institute of Certified Public Accountants and a member of CPA Australia. Her primary contact at the Company are Mr. Lai Ningning, the Chief Executive Officer and Mr. Ma Gary Ming Fai, the Executive Director.

All Directors have access to the advice and services of the Company Secretary to ensure that the Board procedures and all applicable laws are followed. Moreover, the Company Secretary is responsible for facilitating communications among Directors as well as with management.

The Company Secretary confirmed that she has taken no less than 15 hours of relevant professional training during the Reporting Period.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges that it is its duty to monitor the risk management and internal control systems of the Group on an ongoing basis and review their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

During the Reporting Period, through the establishment of an internal control review and risk management audit group (the "**Internal Audit Group**"), which is independent of the Finance Department and reports to the Audit Committee, the Board had reviewed the design and implementation effectiveness of the Group's risk management and internal control system, covering all material control measures, including the financial, operational and compliance controls, to ensure that the Group's accounting, internal audit and financial reporting functions have adequate resources, staff qualifications and experience, training programmes and budget. In this regard, the Audit Committee would inform the Board of any significant matters.

During the Reporting Period, the Internal Audit Group conducted a series of routine audits, on-site surveys and interviews to assist in the identification and assessment of the Group's risks. In addition, specific internal control reviews are carried out to assess the effectiveness of the Group's risk management and internal control system.

The results of the specific review and assessment were reported to the Audit Committee and the Board. Moreover, proposed improvements in internal control and risk management measures as recommended by the Internal Audit Group to enhance the risk management and internal control systems of the Group and mitigate risks of the Group were adopted by the Board. Based on the findings and recommendations of the Internal Audit Group as well as the comments of the Audit Committee, the Board considered the internal control and risk management systems effective and adequate.

CORPORATE GOVERNANCE REPORT

Our Enterprise Risk Management Framework

The Group has established its enterprise risk management framework in 2016. While the Board has the overall responsibility to ensure that sound and effective internal controls are maintained, management is responsible for designing and implementing an internal control system to manage all kinds of risks faced by the Group.

Through the risk identification and assessment processes, risks are identified, assessed, prioritised and allocated treatments. Our risk management framework follows the COSO Enterprise Risk Management – Integrated Framework, which allows the Board and management to manage the risks of the Group effectively. The Board receives regular reports through the Audit Committee and oversees risk management and internal audit functions.

Principal Risks

During the Reporting Period, the following principal risks of the Group were identified and classified into strategic risks, compliance risks, operational risks and financial risks.

Risk Areas	Principal Risks
Strategic Risks	Manufacturing and sales of furniture business: the risk of contraction in main business caused by in-depth industry adjustment and intensifying market competition, high concentration of Shangcheng Smart's customer structure, and fluctuating risk of overseas operating environment; and data center business: relatively concentrated business model and supply chain structure, as well as the risk of intensifying industry competition
Compliance Risks	Data centre business: the expansion of cross-border and new businesses has brought about the demand for refined compliance control, and there is room for optimisation in financial information security management and control
Operational Risks	Manufacturing and sales of furniture business: the refinement level of the closed-loop procurement management and control system needs to be improved, the management of small-value sporadic procurement is relatively weak, and the closed-loop of reimbursement and acceptance needs to be perfected; and data center business: with the continuous expansion of new businesses, there is room for improvement in the construction of human resource reserve
Financial Risks	Manufacturing and sales of furniture business: the refinement of period expense matching is insufficient, and there is still room for optimisation in accounting management

CORPORATE GOVERNANCE REPORT

Our Risk Control Mechanism

The Group adopts a “three lines of defense” corporate governance structure with operational management and controls performed by operations management, coupled with risk management monitoring carried out by the finance and compliance team and independent internal audit conducted by the internal control review and risk management audit group independent of the Finance Department. The Group maintains a risk register to keep track of all identified major risks of the Group, which is updated at least once annually by management as the risk owners with addition of new risks and/or removal of existing risks, if applicable. This review process can ensure that the Group proactively manages the risks faced by it in the sense that all risk owners have access to the risk register and are aware of and alert to those risks in their area of responsibility so that they can take follow-up action in an efficient manner.

The risk management activities of the Company are performed by management on an ongoing process. Management is committed to ensure that risk management forms part of the daily business operation processes in order to align risk management with corporate goals in an effective manner.

By the engagement of the Internal Audit Group, the Company will consistently review the Group’s system of internal controls and risk management annually and further enhance the Group’s internal control and risk management systems.

HANDLING AND DISSEMINATION OF INSIDE INFORMATION

The Company has established and maintained the procedures and internal controls for the handling and dissemination of inside information. The Company has adopted a code of conduct for dealing in securities of the Company by the Directors in accordance with Rules 5.46 to 5.67 of the GEM Listing Rules. Other employees of the Group who are likely to be in possession of inside information of the Company are also subject to dealing restrictions. The Group has strictly prohibited unauthorised use of confidential or inside information or any use of such information for the advantage of any individual. Inside information and other information which is required to be disclosed pursuant to the GEM Listing Rules will be announced on the respective websites of the Stock Exchange and the Company (www.qtbgj.com) in due course.

REPORT OF THE BOARD OF DIRECTORS

The Chief Executive Officer and the executive Director of the Company presents his report and the audited consolidated financial statements of the Group for the Reporting Period.

BUSINESS REVIEW

The Group is principally engaged in the manufacture and sale of furniture products and data centre business. During the Reporting Period, the Group achieved a revenue of approximately RMB78.7 million, representing an increase of approximately 13.3% as compared to the corresponding period of last year. Owners of the parent of the Group recorded a loss of approximately RMB19.1 million (corresponding period of last year: approximately RMB13.5 million).

Manufacture and Sale of Furniture Products Business

The Group's traditional core business is manufacture and sale of furniture products, which are mainly sold to Southwest China. Its core operating entities are Sichuan Greenland and its Chongqing Branch Office. To optimise the business structure, the Group established Shangcheng Smart in the 2023/24 financial year, which is mainly engaged in the R&D, manufacture and sale of furniture products. During the Reporting Period, the furniture business achieved a revenue of approximately RMB62.0 million, representing an increase of approximately 20.6% as compared to the corresponding period of last year. This growth is mainly attributable to the outstanding business contribution from Shangcheng Smart. As the Group's strategic focus shifts to the AI data center sector, the traditional furniture business is positioned with the core priorities of prudent operation and stable cash flow.

Data Centre Business

The Group completed the acquisition of Polyqueue Limited in 2020, officially launching its data center business. During the Reporting Period, the original light asset operation business of the data center segment achieved a revenue of approximately RMB16.7 million. During the year, the Group continued to promote the in-depth transformation of its business model from the traditional light-asset subleasing operations to an asset-heavy self-development and self-ownership model, and achieved a number of breakthroughs in the layout of computing power at home and abroad. Domestically, the Group has acquired two plots of industrial land in Inner Mongolia through indirect non-wholly-owned subsidiaries (in which the Group holds a 51% equity interest), successfully won the bid for a 500MW large-scale computing power order from a leading domestic social platform after the Reporting Period, and is actively advancing the potential merger and acquisition project of the data center in Gu'an, Hebei. In the overseas market, the Group focuses on cultivating the core computing power market in Thailand. On 18 September 2026, the Group entered into the Sale and Purchase Agreement with Mr. Ma Gary Ming Fai, an Executive Director, to conditionally acquire approximately 51.94% equity interest and shareholder's loans in the Target Company of the Thai Data Centre Project at the consideration of US\$16,953,376 in total. The transaction constitutes a major and connected transaction which is subject to the fulfilment of the conditions precedent and approval from independent shareholders. For details, please refer to the sub-paragraph headed "Events After the Reporting Period" under the section headed "Management Discussion and Analysis". The Target Group has signed a 10-year computing power colocation contract with a total contract amount of approximately US\$1.6 billion with a leading international internet enterprise. To meet the capital requirements for project construction and asset acquisition, the Group completed two issuances of convertible bonds during and after the Reporting Period, respectively.

REPORT OF THE BOARD OF DIRECTORS

For details of business review of the Group, please refer to the section headed "Management Discussion and Analysis" in this report, the discussion and information in which constitute part of this report of the board of the directors.

Future Developments and Prospects

Details of the future development of the business of the Group are set out in the sections headed "Chief Executive Officer's Statement" and "Management Discussion and Analysis" of this report.

Principal Risks and Uncertainties

The Board believes that major risk factors relevant to the Group have been disclosed in the section headed "Risk Factors" in the Prospectus. The analysis of other principal risks and uncertainties of the Group is summarised in the section headed "Principal Risks" of this report.

SHARE CAPITAL AND SHARES ISSUED

The authorised share capital of the Company is HK\$30,000,000 divided into 300,000,000 shares of par value HK\$0.1 each. As at 30 June 2026, the issued shares of Company amounted to 156,388,529 shares of par value HK\$0.1 each.

During the Reporting Period, the Company issued 2,500,000 ordinary shares upon the partial conversion of June 2025 Convertible Bonds. For details of the changes in the Company's share capital, please refer to the "Share Capital" section of this report and Note 27 to the consolidated financial statements.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the Company's subsidiaries are set out in Note 33 to the consolidated financial statements.

RESULTS AND DIVIDENDS

Dividend Policy

In deciding whether to propose a dividend and in determining the dividend amount, the Board of the Company takes into account, inter alia:

- (i) the general financial condition of the Group;
- (ii) capital and debt level of the Group;
- (iii) future cash requirements and availability for business operations, business strategies and future development needs;
- (iv) any restrictions on payment of dividends that may be imposed by the Group's lenders;
- (v) any other factors that the Board deems appropriate.

REPORT OF THE BOARD OF DIRECTORS

The payment of the dividend by the Company is also subject to any restrictions under the Companies Law of the Cayman Islands and any other applicable laws, rules and regulations and the Articles. For more information on the dividend policy, please refer to the relevant sections of the Articles.

The dividend policy of the Company will be reviewed by the Board from time to time and there can be no assurance that a dividend will be proposed or declared in any specific period.

The financial performance of the Group for the Reporting Period and the financial position of the Company and the Group as at that date are set out in the consolidated financial statements on pages 70 to 129 of this report.

The Board has resolved not to recommend the declaration and payment of any interim or final dividend during the year ended 30 June 2026 (last financial year: Nil). No shareholder has agreed to waive dividends.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the five years is set out on page 130 of this report.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the Reporting Period are set out in Note 15 to the consolidated financial statements.

BANK BORROWING

As of 30 June 2026, the Group has no outstanding bank loans.

CONVERTIBLE BONDS ISSUED

Details of the convertible bonds issued for the year ended 30 June 2026 are set out in the relevant sections (including "Convertible Bonds" and "Use of Proceeds") under "Management Discussion and Analysis" of this report and Note 24 to the consolidated financial statements.

INTEREST CAPITALISED

The Group has not capitalised any interest during the Reporting Period.

DISTRIBUTABLE RESERVES

As at 30 June 2026, the distributable reserves of the Company amounted to approximately RMB25.6 million.

REPORT OF THE BOARD OF DIRECTORS

PURCHASE, SALE OR REDEMPTION OF LISTED OR REDEEMABLE SECURITIES

The shares of the Company were listed on GEM of the Stock Exchange on 20 January 2017. During the Reporting Period, the Company did not redeem any of its shares, and neither the Company nor any of its subsidiaries have bought or sold any shares (including treasury shares) or redeemable securities in the Company.

CONVERTIBLE SECURITIES, OPTIONS, WARRANTS OR SIMILAR RIGHTS

During the year ended 30 June 2026, save for the convertible bonds as disclosed in the section headed “Management Discussion and Analysis” of this annual report (including the partial conversion of June 2025 Convertible Bonds and the issuance of June 2026 Convertible Bonds), there had been no convertible securities, options, warrants or other similar rights issued or granted by the Company and there had been no exercise of convertible securities, options, warrants or similar rights.

EQUITY-LINKED AGREEMENT

Save for the Share Option Scheme as disclosed in the section headed “Share Option Scheme” of this report and the convertible bonds as disclosed in the section headed “Management Discussion and Analysis” of this report, no other equity-linked agreements were entered into by the Company during the year ended 30 June 2026 or subsisted at the end of the year.

DIRECTORS

The Directors of the Company during the Reporting Period and up to the date of this report were:

Executive Directors:

Mr. Lai Ningning (appointed on 2 August 2021)
Mr. Yi Cong (appointed on 19 May 2016)
Mr. Liang Xing Jun (appointed on 19 May 2016)
Mr. Ma Gary Ming Fai (appointed on 1 April 2021)

Non-executive Director:

Mr. Luo Guoqiang (appointed on 28 September 2018)

Independent Non-executive Directors:

Mr. Chan Wing Kit (appointed on 17 December 2016)
Ms. Chan Pui Shan (appointed on 18 October 2024)
Mr. Lin Xiaodong (appointed on 18 October 2024)

REPORT OF THE BOARD OF DIRECTORS

Confirmation of Independence

Each independent non-executive Director has given the Company a written annual confirmation of his/her independence pursuant to Rule 5.09 of the GEM Listing Rules, confirming that they are not connected with the Company, its controlling shareholders, or any other Directors, and have no material conflicts of interest that could affect their independence, thus satisfying the independence criteria under Rule 5.09 of the GEM Listing Rules. The Company considers that all the independent non-executive Directors are independent and meet the independence guidelines set out in Rule 5.09 of the GEM Listing Rules.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the senior management of the Company are set out on pages 62 to 65 of this report.

DIRECTORS' SERVICE CONTRACTS

(a) Executive Directors

Each of the executive Directors has entered into a service contract with the Company which became effective from the appointment date and shall continue unless terminated in accordance with the terms therein. Under the terms of each service contract, the service contract may be terminated by not less than six months' notice in writing served by either party on the other. The term of service of a Director is subject to retirement by rotation of Directors as set out in the Articles.

(b) Non-executive Directors and Independent Non-executive Directors

Each of the non-executive Director and the independent non-executive Directors has signed an appointment letter with the Company. Under the terms of the appointment letter, the appointment shall be for a term of three years commencing from the Listing Date (i.e. 20 January 2017) or their appointment date (as the case may be), and shall continue year to year subject to the provisions on retirement by rotation of Directors as set out in the Articles and may be terminated by not less than three months' notice in writing served by either party on the other.

Save as disclosed above, none of the Directors has or is proposed to have a service contract with the Company or any of its subsidiaries (other than contracts expiring or determinable by the Company or its subsidiaries, as applicable within one year without payment of compensation other than statutory compensation).

EMOLUMENT POLICY

The Remuneration Committee of the Board is responsible for making recommendations to the Board on the Company's policy and structure for all Directors and senior management's remuneration, taking into account market competitiveness, individual performance and achievements. The Company has adopted a share option scheme as an incentive to Directors and other relevant eligible participants. Details of the scheme are set out in the "Share Option Scheme" below. Details of remuneration of the Directors and the five highest paid individuals are set out in Note 12 to the consolidated financial statements.

REPORT OF THE BOARD OF DIRECTORS

PERMITTED INDEMNITY

The Articles provides that the Directors shall be indemnified and made harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty; provided that this indemnity shall not extend to any matter in respect of their own fraud or dishonesty.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as otherwise disclosed, no contract of significance to the business of the Group which the Company, its holding companies, or any of its subsidiaries was a party, and in which a Director, the controlling shareholders (if any) nor their respective associates had a material interest, either directly or indirectly, subsisted at the end of the year or at any time during the Reporting Period.

MANAGEMENT CONTRACTS

Save as disclosed above, no other contracts, relating to the management and/or administration of the whole or any substantial part of the business of the Company were entered into or subsisted during the Reporting Period.

DISCLOSURE OF INTERESTS

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

As at 30 June 2026, 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 (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 short positions which they were taken or deemed to have under such provisions of the SFO); (ii) to be entered into the register required to be kept therein, pursuant to Section 352 of the SFO; (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 Directors	Capacity/Nature of interest	Number of ordinary shares held/interested	Approximate percentage of the Company's issued share capital (Note 4)
Mr. Lai Ningning ("Mr. Lai")	Interest in a controlled corporation (Note 1)	33,000,000 (Long position)	21.10%
Mr. Ma Gary Ming Fai ("Mr. Ma")	Interest in a controlled corporation (Note 2)	26,330,040 (Long position)	16.84%
Mr. Yi Cong ("Mr. Yi")	Interest of spouse (Note 3)	8,040,000 (Long position)	5.14%

REPORT OF THE BOARD OF DIRECTORS

Notes:

1. Such Shares are held by Lightning Cloud Ltd., which is owned as to 100% by Mr. Lai. By virtue of the Securities and Futures Ordinance (the “SFO”), Mr. Lai is deemed to be interested in the shares held by Lightning Cloud Ltd..
2. Such shares are held by Sun Universal Limited, and its 100% equity interest is owned by Mr. Ma. Mr. Ma is deemed to be interested in the shares held by Sun Universal Limited for the purpose of Part XV of the SFO.
3. Mr. Yi is the spouse of Ms. Zhang Gui Hong. Accordingly, Mr. Yi is deemed to be interested in the shares held by Ms. Zhang Gui Hong for the purpose of Part XV of the SFO.
4. Based on the total number of 156,388,529 ordinary shares in issue as at 30 June 2026.

Save as disclosed above, as at the date of this report, none of the Directors nor the chief executive of the Company had any interests or short positions in the shares, underlying shares or 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 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 30 June 2026, 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.

REPORT OF THE BOARD OF DIRECTORS

Name of shareholders	Capacity/ Nature of interest	Number of ordinary shares held/interested	Approximate percentage of the Company's issued share capital (Note 5)
Lightning Cloud Ltd. ("Lightning Cloud")	Beneficial owner	33,000,000 (Long position)	21.10%
Sun Universal Limited ("Sun Universal")	Beneficial owner	26,330,040 (Long position)	16.84%
Ms. Hung Fung King Margaret ("Ms. Hung")	Interest of spouse (Note 1)	26,330,040 (Long position)	16.84%
Mr. Chatchaval Jiaravanon ("Mr. Chatchaval")	Beneficial owner (Note 2)	22,500,000 (Long position)	14.39%
Mr. Hui Wai Lun ("Mr. Hui")	Beneficial owner (Note 3)	8,263,158 (Long position)	5.28%
Brilliant Talent Global Limited ("Brilliant Talent")	Beneficial owner (Note 4)	8,040,000 (Long position)	5.14%
Ms. Zhang Gui Hong ("Ms. Zhang")	Interest in a controlled corporation (Note 4)	8,040,000 (Long position)	5.14%

Notes:

1. Sun Universal is owned as to 100% by Mr. Ma, and 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. Pursuant to a subscription agreement dated 27 March 2025, the Company conditionally agreed to issue, and Mr. Chatchaval Jiaravanon and CMAG Fund SPC conditionally agreed to subscribe for convertible bonds in an aggregate principal amount of HK\$120 million (initially as to HK\$90 million to Mr. Chatchaval Jiaravanon and HK\$30 million to CMAG Fund SPC) at the initial conversion price of HK\$4.0 per conversion share. Assuming the issue and full conversion of the convertible bonds, Mr. Chatchaval Jiaravanon would be interested in 22,500,000 conversion shares, representing approximately 14.39% of the total issued share capital of the Company as at 30 June 2026. Subsequent to the Reporting Period, the subscription was completed on 12 August 2026. The aforesaid convertible bonds were issued by the Company, which were fully converted on 26 August 2026. A total of 22,500,000 conversion shares have been allotted and issued to Mr. Chatchaval Jiaravanon.
3. Pursuant to a subscription agreement dated 3 June 2026, the Company conditionally agreed to issue, and Mr. Hui Wai Lun and Mr. Hung Kwong Yee conditionally agreed to subscribe for convertible bonds in an aggregate principal amount of HK\$117,750,000 (as to HK\$62,800,000 to Mr. Hui Wai Lun and HK\$54,950,000 to Mr. Hung Kwong Yee) at the initial conversion price of HK\$7.6 per conversion share. Upon fulfilment of all conditions precedent set out in the above subscription agreements, the subscription was completed on 24 June 2026. Assuming full conversion of the convertible bonds, Mr. Hui Wai Lun would be interested in 8,263,158 conversion shares, representing approximately 5.28% of the total issued share capital of the Company as at 30 June 2026. Prior to the subscription, Mr. Hui was not interested in any shares of the Company.
4. 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.
5. Based on the total number of 156,388,529 ordinary shares in issue as at 30 June 2026.

REPORT OF THE BOARD OF DIRECTORS

Save as disclosed above, as at 30 June 2026, 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.

SHARE OPTION SCHEME

The share option scheme (the “**Share Option Scheme**”) was approved and conditionally adopted by the Board and shareholders of the Company by way of written resolutions on 19 December 2016 and is valid and effective for a period of ten years commencing on such adoption date (i.e. 19 December 2016). The following is a summary of the principal terms of the Share Option Scheme but does not form part of, nor is it intended to be, part of the Share Option Scheme nor should it be taken as affecting the interpretation of the rules of the Share Option Scheme:

(a) Purpose of Share Option Scheme

The purpose of the Share Option Scheme is to provide incentives or rewards to selected participants for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group and any invested entity.

(b) Who may join

The Board may, at its absolute discretion, invite any person belonging to the following classes of participants, to take up options to subscribe for Shares:

- (i) any eligible employee;
- (ii) any non-executive director (including independent non-executive directors) of the Company, any of its subsidiaries or any invested entity;
- (iii) any supplier of goods or services to any member of the Group or any invested entity;
- (iv) any customer of the Group or any invested entity;
- (v) any person or entity that provides research, development or other technological support to the Group or any invested entity;
- (vi) any shareholder of any member of the Group or any invested entity or any holder of any securities issued by any member of the Group or any invested entity;
- (vii) any adviser (professional or otherwise) or consultant to any area of business or business development of the Group or any invested entity; and
- (viii) any other group or classes of participants who have contributed or may contribute, by way of joint venture, business alliance, other business arrangement or otherwise, to the development and growth of the Group,

REPORT OF THE BOARD OF DIRECTORS

and for the purposes of the Share Option Scheme, the options may be granted to any company wholly owned by one or more persons belonging to any of the above classes of participants or any discretionary object of a participant which is a discretionary trust;

Subject to the Share Option Scheme and the GEM Listing Rules, the Board shall be entitled at any time and from time to time within the period of the Scheme to offer to grant to any participant as the Board may in its absolute discretion select, and subject to such conditions as the Board may think fit, an option to subscribe for such number of shares as the Board may determine at a price calculated in accordance with sub-paragraph (f) below.

(c) Total number of shares to be issued

- (i) The total number of shares which may be issued upon exercise of all options (excluding for this purpose options which have lapsed in accordance with the terms of the Share Option Scheme and any other schemes) to be granted under the Share Option Scheme and other schemes must not, in aggregate, exceed 10% of the Shares in issue on the Listing Date (and subsequently, if refreshed, it must not exceed 10% of the issued share capital as at the date of such shareholders' approval of the refreshed limit).
- (ii) The Company may refresh the 10% limit by seeking prior approval from Shareholders in a general meeting, provided that the total number of Shares which may be issued upon exercise of all options and any other share option schemes of the Company, in aggregate, must not exceed 10% of the total number of Shares in issue as at the date of such shareholders' approval of the refreshed limit. Options previously granted under the Share Option Scheme or any other schemes of the Company (including those outstanding, cancelled, lapsed or exercised in accordance with the terms of the Share Option Scheme or any other share option scheme) will not be counted for the purpose of calculating the refreshed limit.
- (iii) The Company may also grant options beyond the 10% limit by seeking shareholders' approval in a general meeting, provided that the grantee(s) of such option(s) must be specifically identified by the Company before such approval is sought. In such event, the Company shall send a circular to its shareholders containing a generic description of the specified grantees who may be granted such options, the number and terms of such options to be granted, the purpose of granting such options, an explanation as to how the terms of the options serve such purpose and the information required by the GEM Listing Rules.
- (iv) Notwithstanding the foregoing, the Company must not grant any options if the aggregate number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other schemes of the Company, exceed 30% of the shares in issue from time to time. No options may be granted if such grant will result in this 30% limit being exceeded.

REPORT OF THE BOARD OF DIRECTORS

(d) **Grant of option to a Director, chief executive of the Company or substantial shareholder or any of their associates**

No Participant shall be granted options which if exercised in full would result in the total number of shares already issued under all the options granted to him which have been exercised and issuable under all the options granted to him which are for the time being subsisting and unexercised in any 12-month period would exceed 1% of the total number of shares in issue, provided that if approved by shareholders in general meeting with such participant and his close associates (or his associates if such Participant is a connected person) abstaining from voting, the Company may make further grant of options to such participant (the **"Further Grant"**) notwithstanding that the Further Grant would result in the total number of shares already issued under all the options granted to such participant which have been exercised and issuable under all the options granted to him which are for the time being subsisting and unexercised in any 12-month period exceed 1% of the total number of shares in issue.

Where options are proposed to be granted to a Director, chief executive of the Company or substantial shareholder, or any of their respective associates, the proposed grant must comply with the requirements of Rule 23.04(1) of the GEM Listing Rules and be approved by all the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the options).

If a grant of options to a substantial shareholder or an independent non-executive Director or their respective associates will result in the shares issued and to be issued upon exercise of all options granted and to be granted (whether exercised, cancelled or outstanding) to such person in the 12-month period up to and including the date of such grant:

- (i) representing in aggregate over 0.1% of the relevant class of shares in issue; and
- (ii) having an aggregate value, based on the closing price of the shares at the date of each grant, in excess of HK\$5.0 million,

then the proposed grant of options must be approved by the shareholders in a general meeting. At such general meeting, the grantee, his associates and all core connected persons of the Company must abstain from voting, unless they intend to vote against the proposed grant and provided that this intention to do so has been stated in the circular. The Company will send a circular to its shareholders containing all the information required under the GEM Listing Rules, including (i) details of the number and terms of the options (including the option period, performance targets (if any), basis of determination of subscription price and the rights attached to the shares or the option) to be granted to each substantial shareholder or independent non-executive Director, or any of their respective associates, which must be fixed before the general meeting, and the date of the Board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price; (ii) a recommendation from the independent non-executive Directors (excluding any independent non-executive Director who is a grantee of the options) to the independent shareholders as to voting; and (iii) all other information as required by the GEM Listing Rules.

In addition, any change in the terms of the option granted to a substantial shareholder or an independent non-executive Director, or any of their respective associates must also be approved by the shareholders in a general meeting.

REPORT OF THE BOARD OF DIRECTORS

The requirements for the grant of an option to a Director or chief executive of the Company set out in Rules 23.04(1), (2) and (3) shall not apply where the proposed grantee is only a proposed Director or chief executive of the Company.

No service provider sub-limit was set under the Share Option Scheme.

(e) Minimum period of holding option and performance target

Directors may, at their absolute discretion, fix any minimum period for which an option must be held, any performance targets that must be achieved and any other conditions that must be fulfilled before the options can be exercised upon the grant of an option to a participant.

(f) Basis for determining exercise price

The subscription price for the Shares subject to any particular option shall be such price as determined by the Board in its absolute discretion at the time of the grant of the relevant option but in any case the relevant subscription price shall not be less than the highest of (i) the closing price of the shares as stated in the Stock Exchange's daily quotation sheet on the date of the grant of the option, which must be a trading day; (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of the grant of the option; and (iii) the nominal value of a share.

For the purpose of determining the relevant subscription price where the shares have been listed on the Stock Exchange for less than five trading days preceding the date of the grant of the option, the issue price of the shares shall be deemed to be the closing price of the shares on the Listing Date for any trading day falling within the period before the shares are listed on the Stock Exchange.

(g) Time of acceptance and amount of payable upon acceptance of option

Upon acceptance of an offer for grant of option(s), the Participant shall pay HK\$1.00 to the Company by way of consideration for the grant. The option will be offered for acceptance for a period of 21 days from the date of the grant.

(h) Period of the Share Option Scheme

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined by the Board in its absolute discretion, provided that such period shall not be more than ten years from the date upon which the option is deemed to be granted and accepted in accordance with the Share Option Scheme. The Board may, at its discretion, determine the minimum period for which the option has to be held before the option can be exercised.

(i) Remaining life of the Share Option Scheme and available shares for issue

As at the date of this report, the total number of shares available for issue under the Share Option Scheme was 6,500,000 Shares (representing approximately 4.16% of total number of issued shares of the Company as at the date of this report), and as at 30 June 2026, the remaining life of the Share Option Scheme was about 0 year, 5 months and 19 days.

REPORT OF THE BOARD OF DIRECTORS

SHARE OPTION DEED

Prior to the Reporting Period and on 2 June 2021, the Company entered into a conditional share option deed (the “**Share Option Deed**”), pursuant to which the options have been granted to Mr. Lai on 2 August 2021. The above options were fully cancelled and lapsed on 13 January 2025. As at 30 June 2026, the Company had no share options outstanding, and there was no movement in share options during the year. For further details, please refer to the announcement of the Company dated 13 January 2025.

The movements in share options granted under the Share Option Scheme and the Share Option Deed during the year ended 30 June 2026 are shown below:

Name of category of participants	Outstanding as at 1 July 2025	Number of options				Outstanding as at 30 June 2026	Date of grant	Exercise period	Exercise price of share options HK\$ per share
		Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period				
<i>Former Director</i>									
Mr. Li Saint Chi Sainti (“Mr. Li”)	200,000	-	-	-	-	200,000	1 June 2022	1 June 2022 – 31 May 2026 (Note 1)	2.2
Total	200,000	-	-	-	-	200,000			

Note:

- (1) The exercise period of the share options granted to Mr. Li was initially from the grant date to the day immediately prior to the fourth anniversary of the grant date (both days inclusive), nevertheless, Mr. Li has resigned as the independent non-executive Director on 18 October 2024. In recognition of Mr. Li’s contribution to the Group during his tenure of office, in October 2024, the Board resolved to extend the exercise period to 17 October 2026. The total of 200,000 shares to be subscribed under the Share Option Scheme represent approximately 0.1279% of the existing issued share capital of the Company and approximately 0.1277% of the enlarged issued share capital of the Company, assuming the options are fully exercised.
- (2) As at 1 July 2025 and 30 June 2025, the number of outstanding share options granted by the Company was 200,000 respectively.
- (3) The maximum number of Shares which may be issued in respect of options and awards granted under all schemes of the Company during the year ended 30 June 2026 divided by the weighted average number of shares of the relevant class in issue (excluding treasury shares) for the year ended 30 June 2026 is approximately 0.1293%.

Changes in share options of the Company during the Reporting Period are set out in Note 26 to the consolidated financial statements.

Save as disclosed in Note 26 to the consolidated financial statements, as at 30 June 2026, there was no other share option granted, exercised, cancelled or lapsed pursuant to the Share Option Scheme.

REPORT OF THE BOARD OF DIRECTORS

MAJOR CUSTOMERS AND SUPPLIERS

During the Reporting Period, the aggregate amount of revenue attributed to the Group's largest and the five largest customers accounted for approximately 47.3% and approximately 72.0% (Previous Reporting Period: 42.2% and approximately 64.7%) of the total revenue of the Group, respectively. The Group's purchase from the largest and the five largest suppliers accounted for approximately 23.2% and approximately 41.5% (Previous Reporting Period: approximately 38.4% and approximately 53.6%) of the total purchases of the Group, respectively. At no time during the year did the Directors, their associates or any shareholder of the Company (which to the knowledge of the Directors, owns more than 5% of the Company's issued share capital) have any interest in the Group's major customers or suppliers.

SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

For significant events of the Group during the Reporting Period, please refer to the section headed "Management Discussion and Analysis" in this report, the discussion and information in which constitute part of this report of the board of the directors.

CONNECTED TRANSACTIONS

Continuing Connected Transactions and Financial Assistance from Connected Person

Remuneration to Directors described in Note 12 to the Group's consolidated financial statements are continuing connected transactions exempt from compliance with connected transaction requirements under Rule 20.93 of the GEM Listing Rules.

- (i) Amount due to Mr. Lai Ningning, an Executive Director

During the last financial year, to settle the refundable deposit and the consideration for the acquisition of the land use right of two lands located in Hohhot City and Xilingol League, the Inner Mongolia Autonomous Region, respectively, Mr. Lai provided indirect non wholly-owned subsidiaries (which is owned as to 51% by the Group) of the Group with unsecured and interest-free loan of up to RMB14 million and RMB16 million, respectively, for each of the said land acquisitions. The loans were provided in full based on the land premiums. The term of the loans is three years from the date of drawdown, upon the expiry of which the loans shall be repaid in a lump sum, and no penalty shall be charged for prepayment.

As at 30 June 2026, the amount due to Mr. Lai was approximately RMB26.7 million (30 June 2025: approximately RMB25.4 million), which was the closing present value of the fair value of the above loans for the land acquisitions, and was unsecured, interest-free and repayable on demand.

Mr. Lai owns approximately 21.1% interests in the Company through Lightning Cloud Limited, is an executive Director and a substantial shareholder of the Company, and is therefore a connected person of the Company. The terms of these financial assistance are better than normal commercial terms (being interest-free and unsecured), and no assets of the Company or its subsidiaries are pledged as security, these financial assistance therefore constitute "fully exempt connected transactions" of the Company under Rule 20.88 of the GEM Listing Rules, and are exempt from the announcement, circular, and independent shareholders' approval requirements.

REPORT OF THE BOARD OF DIRECTORS

For details relating to the acquisition of land use rights and financial assistance from a connected person, please refer to the announcements of the Company dated 14 February 2025 and 16 May 2025, respectively.

(ii) Borrowing from Mega Data Investment Ltd

On 6 February 2024, the Company obtained an interest-free and unsecured loan from Mega Data Investment Ltd (the “**SPV**”). The SPV is owned as to 50% by Cloud Knight Global Limited (which is wholly-owned by Mr. Wen Li) and as to 50% by Lightning Cloud Limited (which is wholly-owned by Mr. Lai Ningning, an Executive Director). As Mr. Lai is an Executive Director of the Company, the above transaction constitutes a connected transaction of the Company under Chapter 20 of the GEM Listing Rules.

As at 30 June 2026, the amount due to the SPV was approximately RMB4.6 million (30 June 2025: approximately RMB5.6 million). The loan is interest-free and unsecured.

One-off Connected Transactions

New Deed of Call Option with Mr. Ma Gary Ming Fai, an Executive Director

On 27 March 2026, as Mr. Wen Li was unable to continue his full participation in the planning of the data centre business of the Target Company and the negotiations with potential customers, the Company and Mr. Wen entered into a deed of termination to terminate the original deed of call option. On the same day, the Company entered into a new deed of call option with Mr. Ma Gary Ming Fai, an Executive Director and a Substantial Shareholder, pursuant to which Mr. Ma granted a new call option to the Company on substantially the same terms for a consideration of HK\$1.00.

Mr. Ma holds approximately 16.84% equity interest in the Company through Sun Universal Limited and is an Executive Director and a Substantial Shareholder of the Company, and is therefore a connected person of the Company. As all the applicable percentage ratios in respect of the new call option are less than 5% and the total consideration is less than HK\$3,000,000, the connected transaction is fully exempt from the reporting, announcement, circular and Independent Shareholders’ approval requirements. The exercise period of the new call option expires on 31 December 2026. For details of the new call option, please refer to the announcement of the Company dated 27 March 2026.

On 18 September 2026, the Company exercised the call options pursuant to the new deed of call option and entered into the Sale and Purchase Agreement with Mr. Ma, to conditionally acquire approximately 51.94% equity interest and shareholder’s loans in Intelligence Advantage Limited, the Target Company at the consideration of US\$16,953,376 in total. The acquisition constitutes a major and connected transaction of the Group. For details, please refer to the sub-paragraph headed “Events After the Reporting Period” under the section headed “Management Discussion and Analysis” and the announcement of the Company dated 18 September 2026.

REPORT OF THE BOARD OF DIRECTORS

Potential Connected Transactions

Potential Acquisition of a Company Controlled by Mr. Lai Ningning (Project Gu'an)

On 22 April 2026, the Company announced that it was in discussions with Mr. Lai Ningning, an Executive Director and a Substantial Shareholder, regarding the potential acquisition of a company controlled by him. It is understood that the potential target company has received a non-binding letter of intent from a leading Chinese e-commerce company in relation to the provision of data centre services with a total processing capacity of 60 MW in Gu'an County, Hebei Province, China. The potential target company has identified a parcel of land located in Gu'an County.

Mr. Lai holds approximately 21.1% equity interest in the Company through Lightning Cloud Limited and is an Executive Director and a Substantial Shareholder of the Company, and is therefore a connected person of the Company. If materialised, the potential acquisition may constitute a major and connected transaction of the Company. As at the date of this report, no agreement on material terms has been reached in respect of the potential acquisition, nor has any definitive agreement been entered into. The Company will make further announcements on any material developments in this regard as and when appropriate. For details, please refer to the announcement of the Company dated 22 April 2026.

The Group confirms that, save for the matters disclosed above, the Group did not enter into any other non-exempt connected transactions or continuing connected transactions under Rule 20.71 of the GEM Listing Rules during the Reporting Period.

CORPORATE GOVERNANCE

Details of the corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 31 to 43 of this report.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as of 30 June 2026, there is sufficient public float or not less than 25% of the Shares are in the hands of the public as required under the GEM Listing Rules.

PRE-EMPTIVE RIGHTS

There is no provisions for pre-emptive rights under the Articles and the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders of the Company.

REPORT OF THE BOARD OF DIRECTORS

POTENTIAL COMPETING BUSINESS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Mr. Lai Ningning ("**Mr. Lai**") is the chief executive officer and an executive Director, and a shareholder directly interested in approximately 23.47% of the equity interest in Beijing Haokuan Network Technology Co., Ltd.* (北京皓寬網絡科技有限公司) ("**Beijing Haokuan**") and directly interested in 50% of the equity interest in Haokuan Hebei Network Technology Co., Ltd.* (皓寬河北網絡科技有限公司), both being companies established in the PRC. Mr. Lai confirms that these companies and Beijing Haokuan's non-wholly owned subsidiaries, Haokuan Network (Guangzhou) Co., Ltd.* (皓寬網絡(廣州)有限公司) and Shanghai Haokuan Cloud Network Co., Ltd.* (上海皓寬雲網絡有限公司), are engaged in, among others, the data centre business in the PRC and therefore compete or may compete either directly or indirectly with the Group's business. Through Lightning Cloud Ltd., Mr. Lai owns (i) 50% interest in Mega Data Investment Ltd. (a special purpose vehicle that owns 40% interest in the joint venture Cloud Treasure Investment Limited ("**Cloud Treasure**")); and (ii) 50% interest in another special purpose vehicle which indirectly owns a minority shareholder's interest in Cloud Treasure. Cloud Treasure, through its subsidiaries, owns 100% interest in Gu'an Fu'ai Electronics Co. Ltd., which is principally engaged in investment in the data centre business in the PRC, and therefore competes or may compete either directly or indirectly with the Group's business.

Mr. Ma Gary Ming Fai ("**Mr. Ma**") is an executive Director, and Ms. Hung Fung King, Mr. Ma's spouse, holds approximately 99.9% interest in Myshowhome (Hong Kong) Limited ("**Myshowhome HK**"), which in turn holds 100% interest in Dongguan Shangpin Furniture Co., Ltd. (東莞市尚品傢俱有限公司) ("**Shangpin**"). Mr. Ma confirms that Myshowhome HK is engaged in trading business. 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 trading of furniture, and therefore competes or may compete either directly or indirectly with the Group's business.

In addition, Mr. Ma has an interest in Intelligence Advantage Limited, a limited company incorporated in the British Virgin Islands (the "**Target Company**", which indirectly holds a parcel of land in Rayong Province, Thailand and is engaged in the data centre business) by virtue of his control over it, and is therefore, directly or indirectly, in or may be in competition with the data centre business of the Group. On 18 September 2026, the Company entered into the Sale and Purchase Agreement with Mr. Ma, to conditionally acquire approximately 51.94% equity interest and shareholder's loans in the Target Company. Upon the completion of the Acquisition, the Target Company will become a non-wholly-owned subsidiary of the Company and its business will be incorporated into the Group, and the aforesaid competition will cease to exist.

Except as disclosed above, none of the Directors, nor the controlling shareholders of the Company (if any) and any of their respective close associates has any interest in a business which competes or likely to compete, either directly or indirectly, with the business of the Group during the Reporting Period and up to the date of this report.

REPORT OF THE BOARD OF DIRECTORS

COMPLIANCE WITH LAWS AND REGULATIONS

As far as the Directors and senior management of the Company are aware, the Group has complied in all material respects with the relevant laws and regulations that have a significant impact on the business and operations of the Group during the Reporting Period.

CLOSURE OF REGISTER OF MEMBERS

In order to determine entitlements to attend and vote at the forthcoming annual general meeting, the register of members of the Company will be closed from Wednesday, 9 December 2026 to Monday, 14 December 2026, both days inclusive, during which no transfer of shares of the Company will be effected. In the case of shares of the Company, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited at 17/F Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Tuesday, 8 December 2026.

To be valid, this proxy form and the signed power of attorney or other authorisation document (if any), or a copy of the power of attorney or other authorisation document certified by a notary public, must be returned to the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited at 17/F Far East Finance Centre, 16 Harcourt Road, Hong Kong, not less than 48 hours before the time appointed for holding the meeting (or any adjournment thereof), i.e., by 11:00 a.m. on Saturday, 12 December 2026 (Hong Kong time).

AUDITOR

The Company has appointed ZHONGHUI ANDA CPA Limited as the auditor of the Company with effect from 15 June 2022 to fill the vacancy following the resignation of BDO Limited and resolved to re-appoint ZHONGHUI ANDA CPA Limited at the annual general meeting held on 20 October 2025 as the auditor of the Company to hold office until the conclusion of the next annual general meeting of the Company.

Save for the aforementioned, there has been no other change in the auditors in any of the preceding three years.

By order of the Board of
Zhi Sheng Group Holdings Limited
Chief Executive Officer and Executive Director
Lai Ningning

Hong Kong, 30 September 2026

BIOGRAPHIES OF BOARD OF DIRECTORS AND SENIOR MANAGEMENT

As at 30 June 2026, the biographies of the Board of Directors and senior management of the Company are as follows:

EXECUTIVE DIRECTORS

Mr. Lai Ningning (賴寧寧), aged 49, was appointed as an executive Director on 2 August 2021. With effect from 23 December 2024, he has been appointed as the Chief Executive Officer of the Company. Mr. Lai holds a bachelor degree in computer science issued by Beijing Union University. Mr. Lai has worked for years with Beijing VNET Broadband Data Center Co., Ltd. until 2017 when he was appointed as the general manager of the network department and senior vice president of Beijing VNET Broadband Data Center Co., Ltd. and became shareholder of Beijing Haokuan Network Technology Co., Ltd.* (北京皓寬網絡科技有限公司) in 2017. Mr. Lai has years of experience and expertise in the data centre industry. Pursuant to the Share Option Deed, the Company has conditionally agreed to grant the options to Mr. Lai, such that Mr. Lai shall be entitled to require the Company to allot and issue up to a maximum of 10,000,000 subscription shares (share options have been adjusted after share consolidation on 14 February 2024) at the subscription price. On 10 January 2025, the Company received Mr. Lai's request to cancel the aforesaid share options. Please refer to the announcement of the Company dated 13 January 2025 for further details.

Mr. Lai owns the entire issued share capital of Lightning Cloud Ltd., one of the substantial shareholders of the Company, which beneficially owns 33,000,000 shares (after the share consolidation on 14 February 2024) or approximately 21.10% of the issued share capital of the Company.

Mr. Yi Cong (易聰), aged 62, one of the founders of Sichuan Greenland, the executive Director of the Company. Mr. Yi was appointed as a Director on 19 May 2016 and re-designated as an executive Director, the Chief Executive Officer and compliance officer on 19 December 2016. Mr. Yi joined the Group in September 1996 and is currently also a director and general manager of Sichuan Greenland. He is primarily responsible for the overall business strategies, planning and development of the Group, managing key customer relationships and overseeing sales and marketing of the Group. Mr. Yi resigned from the position of compliance officer in order to focus his efforts on the Company's business pursuits with effect from 1 April 2021. With effect from 18 October 2024, Mr. Yi has resigned as the Chief Executive Officer of the Company and remained as an executive Director. Mr. Yi graduated from Chengdu Institute of Radio Engineering (成都電訊工程學院) (now known as the University of Electronic Science and Technology of China (中國電子科技大學)) in September 1989 with a college diploma* (專科) majoring in wireless electronics. Mr. Yi was recognised by the Chengdu Chamber of Commerce for Furniture Industry* (成都市傢俱行業商會) as the "Person of the Year"* (年度風雲人物) in 2010 and an "Influential Entrepreneur in China Furniture Industry"* (影響中國行業傑出企業家) in 2012. Mr. Yi Cong's wife, Ms. Zhang Gui Hong ("**Ms. Zhang**"), is the sister of Mr. Liang Xing Jun's wife. Ms. Zhang is the sole shareholder of Brilliant Talent Global Limited, one of the substantial shareholders of the Company, which owns 8,040,000 shares of the Company (after the share consolidation on 14 February 2024). Accordingly, Mr. Yi Cong is deemed to be interested in all the shares which Ms. Zhang is interested for the purpose of Part XV of the SFO.

BIOGRAPHIES OF BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Liang Xing Jun (梁興軍), aged 63, was appointed as a Director on 19 May 2016 and re-designated as an executive Director on 19 December 2016. He is primarily responsible for the overall production management of the Group. Mr. Liang joined the Group in September 1996 and has over 26 years of experience in the furniture industry. Mr. Liang is currently the head of the production department at Sichuan Greenland. Mr. Liang graduated from Chengdu Institute of Radio Engineering (成都電訊工程學院) (now known as the University of Electronic Science and Technology of China (中國電子科技大學)) in July 1984 with a college diploma* (專科) in vacuum electronic technology* (真空電子技術). Mr. Liang Xing Jun's wife is the sister of Mr. Yi Cong's wife.

Mr. Ma Gary Ming Fai (馬明輝), aged 62, was appointed as an executive Director and compliance officer on 1 April 2021. He is primarily responsible for the finance and compliance of the Group. Mr. Ma was the chairman of the Board and non-executive Director of the Company in January 2017 when the Company listed on GEM of the Stock Exchange. In September 2018, he resigned as the chairman of the Board and non-executive Director of the Company in order to focus his efforts on his other business pursuits. In January 2020, when the Company acquired the data centre business, Mr. Ma was appointed as representative to the board of the data centre business, responsible for overseeing and reviewing the operations of the data centre business and reporting to the Board if required. Mr. Ma graduated from the University of Calgary, Canada in June 1985 with a Bachelor of Commerce degree. He is a member of the Institute of Chartered Accountants of Ontario in Canada. Mr. Ma is the sole shareholder of Sun Universal Limited, one of the substantial shareholders of the Company which beneficially owns 26,330,040 shares (after the share consolidation on 14 February 2024) or approximately 16.84% of the issued share capital of the Company.

NON-EXECUTIVE DIRECTOR

Mr. Luo Guoqiang (羅國強), aged 55, was appointed as a non-executive Director on 28 September 2018. Mr. Luo worked as a credit department officer during July 1991 to August 2003 before resigning from the Qiaotou branch of Industrial and Commercial Bank of China in Dongguan (中國工商銀行東莞橋頭支行). Since August 2003, Mr. Luo was appointed as a financial manager in a furniture company at Dongguan, mainly responsible for finance.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chan Wing Kit (陳永傑), aged 54, was appointed as the independent non-executive Director of the Company on 17 December 2016 and was appointed as the chairman of the Audit Committee, Nomination Committee and Remuneration Committee on 19 December 2016. Mr. Chan obtained a Bachelor of Commerce degree from Monash University in Australia. He is an associate member of the Hong Kong Institute of Certified Public Accountants and a certified practicing accountant of CPA Australia.

Since 30 June 2025, Mr. Chan has served as the company secretary of Regal Partners Holdings Limited (Stock Code: 1575, "**Regal Partners**"). Subsequently with effect from 25 July 2025, he was appointed as an executive director and chief executive officer of Regal Partners. He has a wealth of experience, as he previously served as an executive director, chief financial officer, company secretary and financial controller of another company listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

BIOGRAPHIES OF BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Ms. Chan Pui Shan (陳珮珊), aged 52, was appointed as an independent non-executive Director and members of each of the audit committee, the nomination committee and the remuneration committee of the Company on 18 October 2024. Ms. Chan has over 25 years of experience in senior management communications, marketing & public relations, partnership development, and investor relations across venture capital industries. Ms. Chan serves as the Head of Marketing, Ecosystem & Partnership for a Hong Kong-based venture capital firm founded in 2017. She joined the venture capital firm in the same year and is responsible for partnership build-up, marketing, post-deal management, investor relations, and human resources. Ms. Chan sometimes represents the venture capital firm as a speaker at industry events. Prior to this, Ms. Chan acted as the Group Director of Marketing and Corporate Communications, which she orchestrated the marketing and PR strategies and offered strategic advice to C-level executives on key initiatives. She played a pivotal role in the group's incubation team, successfully integrating B2B start-ups with existing enterprise solutions. Ms. Chan began her career at Intergraph, a global leader in engineering and geospatial software, where she contributed to significant Hong Kong SAR Government and utilities projects. Ms. Chan holds a Bachelor's degree in English for Professional Communications from The City University of Hong Kong and a Master of Business Administration degree from The Chinese University of Hong Kong.

Mr. Lin Xiaodong (林小冬), aged 52, was appointed as an independent non-executive director and members of each of the audit committee, the nomination committee and the remuneration committee of the Company on 18 October 2024. Mr. Lin has over 27 years of experience in business management. He joined Beijing Wanwei Yunlian Technology Co., Ltd.* (北京萬為雲聯科技有限公司) since 2019 as deputy general manager and is responsible for the operation of the company. Before joining Beijing Wanwei Yunlian Technology Co., Ltd.* (北京萬為雲聯科技有限公司), he was the vice president at a network service provider in Greater China from 2000 to 2018 and responsible for the business management of network product BU, the overall operating profit and loss of the network business, the management of the product marketing team, the management of the product system of network business to achieve product design innovation, research and development and promotion and responsible for national network development planning, operation system design, and management of national network construction and uninterrupted operation services. Mr. Lin was the engineer of WangGlobal (China) Limited* (WangGlobal (中國) 公司) from 1997 to 1999 and was responsible for the network project design, integration and maintenance and customer communication and service. Mr. Lin is qualified as a CCIE (Service Provider) and CCIE (Routing & Switching). He holds a Bachelor's degree in Automation from Yanshan University* (燕山大學) and a certificate of EBA at TUS business school (啟迪商學院).

BIOGRAPHIES OF BOARD OF DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Mr. Chen Fei (陳飛), aged 48, is the vice general manager responsible for the sales function of the Group and the general manager of Sichuan Greenland. He joined the Group in June 1998 as a sales staff and was promoted in December 2011 as the sales director responsible for, inter alia, managing the sales operation of Sichuan Greenland. Since June 2013, Mr. Chen has been the vice general manager responsible for overseeing the sales department. From June 2013 to November 2014, he also acted as the general manager of Chongqing Branch Office of the Group.

In December 2014, he was re-designated as the general manager of Sichuan Greenland. Mr. Chen received his college diploma* (專科) in international trade from Sichuan Radio and TV University (四川廣播電視大學) in July 1998 and later obtained a bachelor's degree in business administration from China Central Radio and TV University (中央廣播電視大學) (now known as The Open University of China (國家開放大學)) in January 2012.

Ms. He Lu Ming (何鹿鳴), aged 49, is the head of the administration department of the Group. Ms. He received her master degree from Communist Party of China of Sichuan Province College* (中共四川省委黨校) majoring in regional economics in June 2011. She joined the Group in May 2002 and acted as the administration manager responsible for human resources, administrative and back-office matters. Since October 2010, Ms. He has been in charge of the administration department of the Group and has been the chairman of the labour union of the Group since October 2015.

Ms. Yuen Lai Sheung (袁麗嫦), aged 57, was appointed as the company secretary of the Company on 31 May 2023. She is responsible for overall company secretarial matters of the Group. She holds a Bachelor's Degree of Accounting from Monash University in Australia and she is currently a fellow member of Hong Kong Institute of Certified Public Accountants.

INDEPENDENT AUDITOR'S REPORT



INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ZHI SHENG GROUP HOLDINGS LIMITED

智昇集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Zhi Sheng Group Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 70 to 129, which comprise the consolidated statement of financial position as at 30 June 2026, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2026, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") 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"), as applicable to audits of financial statements of public interest entities. We have also 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.

INDEPENDENT AUDITOR'S REPORT

Impairment assessment on goodwill

Refer to Note 17 to the consolidated financial statements

The Group is required to annually test the amount of goodwill for impairment. This annual impairment test is significant to our audit because the balance of goodwill of RMB7,550,000 as at 30 June 2026 and the impairment loss of RMB9,585,000 for the year then ended are material to the consolidated financial statements. In addition, the Group's impairment test involves application of judgement and is based on assumptions and estimates.

Our audit procedures included, among others:

- Assessing the competence, independence and integrity of the external valuer engaged by Group;
- Obtaining the external valuation reports and meeting with the external valuer to discuss and challenge the valuation process, methodologies used and market evidence to support significant judgments and assumptions applied in the valuation model;
- Assessing the identification of the related cash generating units;
- Assessing the arithmetical accuracy of the value-in-use calculations;
- Comparing the actual cash flows with the cash flow projections;
- Assessing the reasonableness of the key assumptions (including terminal growth rate, tax rate and discount rate); and
- Checking input data to supporting evidence.

We consider that the Group's impairment assessment of goodwill is supported by the available evidence.

Impairment assessment on trade, lease and other receivables

Refer to Note 20 to the consolidated financial statements

The Group tested the amount of trade, lease and other receivables for impairment. This impairment test is significant to our audit because the balance of trade, lease and other receivables of RMB25,255,000, net of impairment loss of RMB22,536,000 as at 30 June 2026 are material to the consolidated financial statements. In addition, the Group's impairment test involves application of judgement and is based on estimates.

Our audit procedures included, among others:

- Obtaining an understanding of the assessment process of expected credit losses of trade, lease and other receivables;
- Assessing whether management's grouping of trade, lease and other receivables into ageing categories appropriately reflected the shared credit risk characteristics of the Group's customer base;

INDEPENDENT AUDITOR'S REPORT

- Obtaining the expected credit loss assessment report on trade receivables, lease and other receivables prepared by the external valuer engaged by the Group;
- Assessing the competence, independence and integrity of the external valuer engaged by the Group;
- Evaluating whether the historical loss rates had been appropriately adjusted to reflect current economic conditions and forward-looking information relevant to the Group's operations;
- Testing the accuracy of the ageing analysis of trade, lease and other receivables on a sample basis;
- Re-performing the arithmetical calculation of the loss allowance by applying the expected loss rates to the respective ageing categories of trade, lease and other receivables as at the reporting date; and
- Assessing the disclosure of the Group's exposure to credit risk in the consolidated financial statements.

We consider that the Group's impairment test for trade, lease and other receivables is supported by the available evidence.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises all the information in the Company's annual report, but does not include 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 FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with HKFRS Accounting Standards issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors 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 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 either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT

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. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. 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.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the HKICPA's website at:

<https://www.hkicpa.org.hk/en/Standards-setting/Standards/Our-views/auditre>

This description forms part of our auditor's report.

ZHONGHUI ANDA CPA Limited

Certified Public Accountants

Yeung Hong Chun

Audit Engagement Director

Practising Certificate Number P07374

Hong Kong, 30 September 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2026

		2026	2025
	Notes	RMB'000	RMB'000
Revenue	7	78,715	69,445
Cost of sales		(64,023)	(54,378)
Gross profit		14,692	15,067
Other gain/(loss), net	8	155	(2,157)
Selling and distribution expenses		(7,396)	(7,284)
Administrative and other expenses		(13,906)	(15,711)
Impairment loss on assets		(7,855)	(2,329)
Loss from operations		(14,310)	(12,414)
Finance costs	9	(4,833)	(2,248)
Loss before tax		(19,143)	(14,662)
Income tax expense	10	(73)	(50)
Loss for the year	11	(19,216)	(14,712)
Other comprehensive income/(expense) after tax:			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		205	(686)
Total comprehensive expenses for the year		(19,011)	(15,398)
Loss for the year attributable to:			
Owners of the Company		(19,094)	(13,508)
Non-controlling interests		(122)	(1,204)
		(19,216)	(14,712)
Total comprehensive expenses for the year attributable to:			
Owners of the Company		(18,889)	(14,194)
Non-controlling interests		(122)	(1,204)
		(19,011)	(15,398)
Loss per share			
Basic and diluted (RMB cents)	14	(12.34)	(11.11)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2026

		2026	2025
	Notes	RMB'000	RMB'000
Non-current assets			
Property, plant and equipment	15	1,192	1,660
Right-of-use assets	16	36,427	39,155
Goodwill	17	7,550	17,135
		45,169	57,950
Current assets			
Inventories	18	8,530	6,810
Contract assets	19	754	405
Trade, lease and other receivables	20	42,360	21,606
Cash and cash equivalents	21	113,834	42,171
		165,478	70,992
Current liabilities			
Contract liabilities	19	2,071	1,858
Trade and other payables	22	38,041	37,395
Lease liabilities	23	761	795
Convertible bonds	24	93,001	16,444
Tax payable		1,315	1,350
		135,189	57,842
Net current assets		30,289	13,150
Total assets less current liabilities		75,458	71,100
Non-current liabilities			
Lease liabilities	23	9,738	10,499
Amounts due to a substantial shareholder	25	26,699	25,408
		36,437	35,907
NET ASSETS		39,021	35,193
Capital and reserves			
Share capital	27	14,162	13,943
Reserves	29	25,647	21,916
Equity attributable to owners of the Company		39,809	35,859
Non-controlling interests		(788)	(666)
TOTAL EQUITY		39,021	35,193

The consolidated financial statements on pages 70 to 129 were approved and authorised for issue by the Board of Directors on 30 September 2026 and are signed on its behalf by:

Lai Ningning
Director

Ma Gary Ming Fai
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2026

	Attributable to owners of the Company											
											Non-controlling interests	Total
	Share capital	Share premium	Convertible	Share option reserve	Other reserve	Statutory reserve	Foreign exchange reserve	Accumulated losses	Total			
			bonds equity reserve									
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
At 1 July 2024	8,016	187,196	4,771	20,455	(11,131)	4,758	(10,532)	(183,736)	19,797	538	20,335	
Loss for the year	-	-	-	-	-	-	-	(13,508)	(13,508)	(1,204)	(14,712)	
Other comprehensive expense:												
Exchange difference arising on translating of foreign operations	-	-	-	-	-	-	(686)	-	(686)	-	(686)	
Total comprehensive expense for the year	-	-	-	-	-	-	(686)	(13,508)	(14,194)	(1,204)	(15,398)	
Conversion of convertible bonds (note 24)	1,702	14,703	(4,771)	-	-	-	-	-	11,634	-	11,634	
Issue of convertible bonds (note 24)	-	-	2,648	-	-	-	-	-	2,648	-	2,648	
Cancelled of share options (note 26)	-	-	-	(20,256)	-	-	-	20,256	-	-	-	
Issue of shares (note 27)	4,225	7,894	-	-	-	-	-	-	12,119	-	12,119	
Contribution from a substantial shareholder	-	-	-	-	3,855	-	-	-	3,855	-	3,855	
At 30 June 2025	13,943	209,793	2,648	199	(7,276)	4,758	(11,218)	(176,988)	35,859	(666)	35,193	
At 1 July 2025	13,943	209,793	2,648	199	(7,276)	4,758	(11,218)	(176,988)	35,859	(666)	35,193	
Loss for the year	-	-	-	-	-	-	-	(19,094)	(19,094)	(122)	(19,216)	
Other comprehensive income:												
Exchange difference arising on translating of foreign operations	-	-	-	-	-	-	205	-	205	-	205	
Total comprehensive expense for the year	-	-	-	-	-	-	205	(19,094)	(18,889)	(122)	(19,011)	
Conversion of convertible bonds (note 24)	219	15,820	(2,118)	-	-	-	-	-	13,921	-	13,921	
Redemption of convertible bonds (note 24)	-	-	(530)	-	-	-	-	530	-	-	-	
Issue of convertible bonds (note 24)	-	-	8,918	-	-	-	-	-	8,918	-	8,918	
At 30 June 2026	14,162	225,613	8,918	199	(7,276)	4,758	(11,013)	(195,552)	39,809	(788)	39,021	

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2026

	2026 RMB'000	2025 RMB'000
Cash flows from operating activities		
Loss before tax	(19,143)	(14,662)
Adjustments for:		
Bank interest income	(40)	(105)
Depreciation of right-of-use assets	1,923	1,389
Depreciation of property, plant and equipment	664	760
Modification on convertible bonds	–	1,241
Finance costs	4,833	2,248
Impairment loss on goodwill	9,585	3,938
Impairment loss on right-of-use assets	805	–
Reversal of loss on trade receivables and other receivables	(2,535)	(1,609)
Interest income arising from unwinding contract assets with significant financing component	(31)	(28)
Loss on disposal of property, plant and equipment	–	2
Share-based payment arising from issue of convertible bonds	–	1,744
(Reversal of allowance)/write-down of inventories to net realisable value	(927)	1,261
Operating losses before working capital changes	(4,866)	(3,821)
Change in inventories	(793)	5,913
Change in contract assets	(318)	299
Change in trade, lease and other receivables	(18,219)	(1,924)
Change in contract liabilities	213	(1,074)
Change in trade and other payables	646	(6,015)
Cash used in operations	(23,337)	(6,622)
Income tax paid	(46)	(84)
Bank interest received	40	105
Net cash used in operating activities	(23,343)	(6,601)
Cash flows from investing activities		
Purchases of property, plant and equipment	(196)	(217)
Proceeds from disposal of property, plant and equipment	–	2
Net cash used in investing activities	(196)	(215)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2026

	2026 RMB'000	2025 RMB'000
Cash flows from financing activities		
Repayment of other borrowing	(27,347)	–
Other borrowing raised	27,347	–
Proceeds from issue of shares	–	12,676
Share issue expenses paid	–	(557)
Issue of convertible bond	101,691	17,348
Repayment of convertible bonds	(3,582)	–
Repayment of lease liabilities	(795)	(730)
Interests paid	(1,524)	(1,270)
Net cash generated from financing activities	95,790	27,467
Net increase in cash and cash equivalents	72,251	20,651
Effect of foreign exchange rate changes	(588)	(556)
Cash and cash equivalents at beginning of year	42,171	22,076
Cash and cash equivalents at end of year	113,834	42,171
Analysis of cash and cash equivalents		
Bank and cash balances	113,834	42,171

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

1. GENERAL INFORMATION

Zhi Sheng Group Holdings Limited (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, the Cayman Islands. Its principal place of business is at Room 1123, 11/F, Star House, 3 Salisbury Road, Tsim Sha Tsui, Kowloon, Hong Kong and its headquarter is at A401, Moore Car Hui, No.68, Julong Road, Wuhou District, Chengdu, Sichuan Province, the People’s Republic of China (the “**PRC**”).

The Company is an investment holding company and the Company and its subsidiaries (collectively referred to as the “**Group**”) are principally engaged in manufacture and sales of furniture products and data centre business in the PRC. Details of the principal activities of its subsidiaries are set out in note 33 to the consolidated financial statements.

The shares of the Company are listed on the GEM of the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 20 January 2017.

2. ADOPTION OF NEW AND REVISED HKFRS ACCOUNTING STANDARDS

In the current year, the Group has adopted all the new and revised HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) that are relevant to its operations and effective for its accounting period beginning on 1 July 2025. HKFRS Accounting Standards comprise Hong Kong Financial Reporting Standards (“**HKFRS**”); Hong Kong Accounting Standards (“**HKAS**”); and Interpretations. The adoption of these new and revised HKFRS Accounting Standards did not result in significant changes to the Group’s accounting policies, presentation of the Group’s consolidated financial statements and amounts reported for the current period and prior years.

The Group has not applied the new and revised HKFRS Accounting Standards that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new and revised HKFRS Accounting Standards but is not yet in a position to state whether these new and revised HKFRS Accounting Standards would have a material impact on its results of operations and financial position.

3. MATERIAL ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards issued by the HKICPA and the applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of The Stock Exchange and by the Hong Kong Companies Ordinance.

These consolidated financial statements have been prepared under the historical cost convention.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

3. MATERIAL ACCOUNTING POLICIES (continued)

The preparation of consolidated financial statements in conformity with HKFRS Accounting Standards requires the use of certain key assumption and estimates. It also requires the Directors of the Company to exercise its judgments in the process of applying the accounting policies. The areas involving critical judgements and area where assumptions and estimates are significant to these consolidated financial statements, are disclosed in note 4 to the consolidated financial statements.

The material accounting policies applied in the preparation of these consolidated financial statements are set out below.

Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 30 June. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties, to determine whether it has control. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Company. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Non-controlling interests are presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of profit or loss and total comprehensive income for the year between the non-controlling interests and owners of the Company.

Profit or loss and each component of other comprehensive income are 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

3. MATERIAL ACCOUNTING POLICIES (continued)

Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The consolidated financial statements are presented in Renminbi ("**RMB**"), which is the Company's presentation currency. The functional currency of the Company is Hong Kong dollars ("**HK\$**"). The directors of the Company consider that choosing RMB as the presentation currency best suits the needs of the shareholders and investors.

(b) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

(c) Translation on consolidation

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

- (i) Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- (ii) Income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and
- (iii) All resulting exchange differences are recognised in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings are recognised in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are recognised in consolidated profit or loss as part of the gain or loss on disposal.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

3. MATERIAL ACCOUNTING POLICIES (continued)

Property, plant and equipment

Buildings comprise mainly factories and offices. Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal useful lives are as follows:

Motor vehicles	20%
Plant and machinery	5–20%
Furniture and office equipment	10–20%
Leasehold improvements	20% or the lease term, whichever is shorter
Buildings	3.3%

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

Leases

The Group as lessee

Leases are recognised as right-of-use assets and corresponding lease liabilities when the leased assets are available for use by the Group. Right-of-use assets are stated at cost less accumulated depreciation and impairment losses. Depreciation of right-of-use assets is calculated at rates to write off their cost over the shorter of the asset's useful life and the lease term on a straight-line basis. The principal useful lives are as follows:

Leasehold land	Over the lease term
Factory	10%
Office premises	50%

Right-of-use assets are measured at cost comprising the amount of the initial measurement of the lease liabilities, lease payments prepaid, initial direct costs and the restoration costs. Lease liabilities include the net present value of the lease payments discounted using the interest rate implicit in the lease if that rate can be determined, or otherwise the Group's incremental borrowing rate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the lease liability.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

3. MATERIAL ACCOUNTING POLICIES (continued)

Leases (continued)

The Group as lessee (continued)

Payments associated with short-term leases and leases of low-value assets are recognised as expenses in profit or loss on a straight-line basis over the lease terms. Short-term leases are leases with an initial lease term of 12 months or less. Low-value assets are assets of value below US\$5,000.

The Group as lessor

Operating lease

Leases that do not substantially transfer to the lessees all the risks and rewards of ownership of assets are accounted for as operating leases. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Goodwill

Goodwill represents the excess of the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree over the fair value of the identifiable assets and liabilities measured as at the acquisition date.

Where the fair value of identifiable assets and liabilities exceed the aggregate of the fair value of consideration paid, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of the acquirer's previously held equity interest in the acquiree, the excess is recognised in profit or loss on the acquisition date, after re-assessment.

Goodwill is measured at cost less impairment losses. For the purpose of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units ("CGUs") that are expected to benefit from the synergies of the combination. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. A CGU to which goodwill has been allocated is tested for impairment annually, by comparing its carrying amount with its recoverable amount, and whenever there is an indication that the unit may be impaired.

For goodwill arising on an acquisition in a financial year, the CGU to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the CGU is less than the carrying amount of the unit, the impairment loss is first allocated to reduce the carrying amount of any goodwill allocated to the unit, and then to the other assets of the unit on a pro-rata basis on the carrying amount of each asset in the unit. However, the loss allocated to each asset will not reduce the individual asset's carrying amount to below its fair value less cost of disposal ("FVLCD") (if measurable) or its value in use ("VIU") (if determinable), whichever is the higher. Any impairment loss for goodwill is recognised in profit or loss and is not reversed in subsequent periods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

3. MATERIAL ACCOUNTING POLICIES (continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average basis. The cost of finished goods and work in progress comprises raw materials, direct labour and an appropriate proportion of all production overhead expenditure, and where appropriate, subcontracting charges. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Group transfers substantially all the risks and rewards of ownership of the assets; or the Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

Financial assets

Financial assets are recognised and derecognised on a trade date basis where the purchase or sale of an asset is under a contract whose terms require delivery of the asset within the timeframe established by the market concerned, and are initially recognised at fair value, plus directly attributable transaction costs except in the case of investments at fair value through profit or loss. Transaction costs directly attributable to the acquisition of investments at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets of the Group are classified as financial assets at amortised cost.

Financial assets at amortised cost

Financial assets (including trade and other receivables) are classified under this category if they satisfy both of the following conditions:

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

They are subsequently measured at amortised cost using the effective interest method less loss allowance for expected credit losses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

3. MATERIAL ACCOUNTING POLICIES (continued)

Loss allowances for expected credit losses

The Group recognises loss allowances for expected credit loss ("ECL") on lease receivables, contract assets, trade receivables and other financial assets measured at amortised cost. The ECLs are measured on either of the following bases: (1) 12 months ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group has elected to measure loss allowances for lease receivables, contract assets and trade receivables using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group calculates the lifetime ECLs on certain trade receivables by establishing a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward looking factors specific to the debtors and the economic environment. The Group calculated the lifetime ECLs on contract assets, certain trade receivables and lease receivables based on lifetime probability of default, loss given default and adjusted for forward-looking factors specific to the debtors and the economic environment.

For other financial assets at amortised cost, the ECLs are based on the 12-months ECLs. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past, unless the Group has reasonable and supportable information demonstrates otherwise.

The Group considers a financial asset to be in default when the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or the financial asset is more than 90 days past due, unless the Group has reasonable and supportable information to demonstrate that a more lagging default criteria is more appropriate.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

3. MATERIAL ACCOUNTING POLICIES (continued)

Loss allowances for expected credit losses (continued)

The Group considers a financial asset to be credit-impaired when:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non-credit impaired financial assets interest income is calculated based on the gross carrying amount.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents.

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRS Accounting Standards. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

3. MATERIAL ACCOUNTING POLICIES (continued)

Convertible bonds

Convertible bonds which entitle the holder to convert the bonds into a fixed number of equity instruments at a fixed conversion price are regarded as compound instruments consist of a liability and an equity component. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible debt. The fair value of any derivative features embedded in the compound instruments is included in the liability component. The difference between the proceeds of issue of the convertible loans and the fair values assigned to the liability component, representing the embedded option for the holder to convert the loans into equity of the Group, is included in equity as capital reserve. The liability component is carried as a liability at amortised cost using the effective interest method until extinguished on conversion or redemption. The derivative components are measured at fair value with gains and losses recognised in profit or loss.

If the identifiable consideration received by the Group appears to be less than the fair value of the convertible bonds issued, the Group measures the unidentifiable services received (to be received) as the difference between the fair value of the convertible bonds issued and that of the identifiable consideration received, and the difference is recognised in profit or loss.

Transaction costs are apportioned between the liability and equity components of the convertible loans based on their relative carrying amounts at the date of issue. The portion relating to the equity component is charged directly to equity.

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period.

Trade and other payables

Trade and other payables are initially recognised at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

3. MATERIAL ACCOUNTING POLICIES (continued)

Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer with reference to the customary business practices and excludes amounts collected on behalf of third parties. For a contract where the period between the payment by the customer and the transfer of the promised product or service exceeds one year, the consideration is adjusted for the effect of a significant financing component.

The Group recognises revenue when it satisfies a performance obligation by transferring control over a product or service to a customer. Depending on the terms of a contract and the laws that apply to that contract, a performance obligation can be satisfied over time or at a point in time. A performance obligation is satisfied over time if:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance;
- the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; 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.

If a performance obligation is satisfied over time, revenue is recognised by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the product or service.

Sales of furniture products

Customers obtain control of the furniture products when the goods are delivered to, installed and have been accepted by customers according to the contract terms. Revenue is thus recognised at the point in time when the customers accepted the furniture products. There is generally only one performance obligation and the considerations include no variable amount. Invoices are usually payable within 30 days or up to 180 days.

Renting server racks

The Group rents server racks in data centre to the customers.

Rental income is recognised on a straight-line basis over the lease term.

Information technology management service

Revenue from information technology management service is recognised over time when the agreed IT service has been performed by the Group.

Internet access connection services

The Group sets up internet access connection for the customers. Such services are transferred over time and revenue is recognised when the customers simultaneously receive and consume the benefits from the Group's performance of providing such services.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

3. MATERIAL ACCOUNTING POLICIES (continued)

Data centre operating and security service

The Group provides data centre operating and security service outsourced by the customer. Such services are transferred over time and revenue is recognised when the customers simultaneously receive and consume the benefits from the Group's performance of providing such services.

Commission income from trading service

Commission income is recognised on trade date basis when the relevant sale or purchase of transactions is executed.

Contract assets and liabilities

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. 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.

Contract asset is recognised when the customers retain quality assurance deposits ("QADs") to secure the due performance of the contracts. Any amount previously recognised as a contract asset is reclassified to trade receivables at the end of quality assurance period.

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. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contractual liabilities are recognised as revenue when the Group performs under the contract.

Other revenue

Interest income is recognised using the effective interest method.

Employee benefits

(a) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

3. MATERIAL ACCOUNTING POLICIES (continued)

Employee benefits (continued)

(b) Pension obligations

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme ("MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme in Hong Kong. Contributions are made based on 5% of the employees' relevant income, subject to a ceiling of monthly relevant income of HK\$30,000 and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The Group also participates in a defined contribution retirement scheme organised by the government in the PRC. The Group is required to contribute a specific percentage of the payroll of its employees to the retirement scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the retirement scheme. No forfeited contributions may be used by the employers to reduce the existing level of contributions.

(c) Termination benefits

Termination benefits are recognised at the earlier of the dates when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs and involves the payment of termination benefits.

Share-based payments

The Group issues equity-settled share-based payments to certain employees and directors. Equity-settled share-based payments are measured at the fair value (excluding the effect of non market-based vesting conditions) of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

When share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to retained earnings.

Borrowing costs

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

Government grants

A government grant is recognised when there is reasonable assurance that the Group will comply with the conditions attaching to it and that the grant will be received.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

3. MATERIAL ACCOUNTING POLICIES (continued)

Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes 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 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 and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other 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 arising on investments in subsidiaries, 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.

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 is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

The measurement of deferred tax assets and liabilities 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.

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 by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

3. MATERIAL ACCOUNTING POLICIES (continued)

Segment reporting

Operating segments and the amounts of each segment item reported in the consolidated financial statements are identified from the financial information provided regularly to the Group's most senior executive management for the purpose of allocating resources and assessing the performance of the Group's various lines of business.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

Related parties

A related party is a person or entity that is related to the Group.

- (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 the key management personnel of the Company or of a parent of the Company.
- (B) An entity is related to the Group if any of the following conditions applies:
 - (i) The entity and the Company 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 employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.
 - (vi) The entity is controlled or jointly controlled by a person identified in (A).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

3. MATERIAL ACCOUNTING POLICIES (continued)

Related parties (continued)

(B) (continued)

- (vii) A person identified in (A)(i) has significant influence over the entity or is a member of the 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 Company or to a parent of the Company.

Impairment of assets

Intangible assets that have an indefinite useful life or not yet available for use are reviewed annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable.

At the end of each reporting period, the Group reviews the carrying amounts of its tangible assets and other intangible assets except goodwill, inventories and receivables to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where 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 asset belongs.

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.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit 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 (net of amortisation or depreciation) had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

3. MATERIAL ACCOUNTING POLICIES (continued)

Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the consolidated financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

4. CRITICAL JUDGEMENTS AND KEY ESTIMATES

Critical judgements in applying accounting policies

In the process of applying the accounting policies, the directors have made the following judgements that have the most significant effect on the amounts recognised in the consolidated financial statements.

Control over 北京萬諾通科技有限公司 (Beijing Wannuotong Technology Company Limited) ("Beijing Wannuotong")

Beijing Wannuotong is mainly engaged in the data centre business in the PRC, which falls in the scope of "Catalogue of Restricted Foreign Investment Industries" that foreign investors are prohibited to invest.

Certain structured contracts (the "**Structured Contracts**") were effectuated among ITO Express Limited, 北京萬諾馳科技有限公司 (Beijing Wannuochi Technology Company Limited) ("**Beijing Wannuochi**"), Beijing Wannuotong, and the registered owner of Beijing Wannuotong, pursuant to which the entire economic benefits and the risks of the business of Beijing Wannuotong flow into Beijing Wannuochi and enable Beijing Wannuochi to gain 100% effective control over Beijing Wannuotong.

The Company considers that it controls Beijing Wannuotong, notwithstanding the fact that it holds 50% equity interest in Beijing Wannuotong, as it has power over the financial and operating policies of Beijing Wannuotong and receives substantially all of the economic benefits from the business activities of Beijing Wannuotong through the Structured Contracts. Accordingly, Beijing Wannuotong is accounted for as a subsidiary of the Company for accounting purpose.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

4. CRITICAL JUDGEMENTS AND KEY ESTIMATES (continued)

Key sources of estimation uncertainty

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 and liabilities within the next financial year, are discussed below.

(a) Allowance on impairment of financial assets

At each reporting date, the Group uses a provision matrix to calculate ECLs for certain trade receivables. The provision rate is initially based on the Group's historical observed default rates. The provision matrix is based on the Group's historical default rates taking into consideration 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 Group calculated the lifetime ECLs on contract assets, certain trade receivables and lease receivables based on lifetime probability of default, loss given default and adjusted for forward-looking factors specific to the debtors and the economic environment. In addition, trade receivables and contract assets with significant balances and credit impaired are assessed for expected credit losses individually.

At each reporting date, the Group assesses other financial asset at amortised cost whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and also, forward-looking analysis.

(b) Impairment of goodwill

Intangible asset with finite useful life are tested for impairment when indicators exist. Further, irrespective of whether there is any indication of impairment, goodwill are required to be tested annually for impairment.

The recoverable amounts of the CGUs have been determined based on VIU or FVLCD, whichever is higher. The VIU calculations require the use of judgement and estimates of the future cash flows expected to arise from the CGUs, the timeframe for the cash flows forecast and the suitable discount rates in order to calculate the present value. In the process of estimating expected future cash flows management makes assumptions about future revenues and profits. These assumptions relate to future events and circumstances. The actual results may vary and may cause a material adjustment to the carrying amount of goodwill and nonfinancial assets within the next financial year. Determining the appropriate discount rate involves estimating the appropriate adjustment for market risk and for asset specific risk factors. Calculation of FVLCD may involve the selection of valuation model, adoption of key assumption, and input data, which are subject to management judgement. Details in impairment assessment of CGUs are set out in Note 17 to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

4. CRITICAL JUDGEMENTS AND KEY ESTIMATES (continued)

Key sources of estimation uncertainty (continued)

(c) Allowance for slow-moving inventories

Allowance for slow-moving inventories is made based on the ageing and estimated net realisable value of inventories. The assessment of the allowance amount involves judgement and estimates. Where the actual outcome in future is different from the original estimate, such difference will impact the carrying value of inventories and allowance charge/write-back in the period in which such estimate has been changed.

5. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign currency risk, credit risk, liquidity risk and interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Foreign currency risk

As the Group's revenue and expenses are mainly in RMB and most of the Group's assets and liabilities are denominated in RMB, which is the functional currency of the Company's primary subsidiaries, the currency risk resulting from the Group's daily operations is considered not significant. The Group currently does not have a foreign currency hedging policy. However, management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

(b) Credit risk

The Group's credit risk is primarily attributable to its contract assets, trade, lease and other receivables and cash at banks. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

In respect of contract assets, trade, lease and other receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customers as well as pertaining to the economic environment in which the customers operate. Ongoing evaluations are performed on monthly basis. Normally, the Group does not obtain collateral from customers.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. At the end of reporting period, the Group has a certain concentration of credit risk as 82% (2025: 29%) of the total trade receivables was due from the Group's largest customer.

Further quantitative disclosures in respect of the Group's exposures to credit risk arising from contract assets, trade receivables and lease receivables are set out in Notes 19, 20(a) and 20 (b).

Cash at banks are deposits in bank with sound credit rating. Given their high credit rating, the Group does not expect to have high credit risk in this aspect.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

5. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The maturity analysis, based on undiscounted cash flows, of the Group's financial liabilities is as follows:

	Carrying amount RMB'000	Total contractual undiscounted cash flow RMB'000	On demand or within one year RMB'000	Between one and two years RMB'000	Between two and five years RMB'000	Over five years RMB'000
At 30 June 2026						
Trade and other payables	37,853	37,853	37,853	-	-	-
Lease liabilities	10,499	15,770	1,890	1,980	6,237	5,663
Convertible bonds	93,001	107,167	107,167	-	-	-
Amounts due to a substantial shareholder	26,699	29,081	-	29,081	-	-
	168,052	189,871	146,910	31,061	6,237	5,663
At 30 June 2025						
Trade and other payables	37,297	37,297	37,297	-	-	-
Lease liabilities	11,294	17,769	1,999	1,890	6,039	7,841
Convertible bonds	16,444	18,251	18,251	-	-	-
Amounts due to a substantial shareholder	25,408	29,081	-	-	29,081	-
	90,443	102,398	57,547	1,890	35,120	7,841

(d) Interest rate risk

As the Group has no significant interest-bearing assets and liabilities, the Group's operating cash flows are substantially independent of changes in market interest rates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

5. FINANCIAL RISK MANAGEMENT (continued)

(e) Categories of financial instruments

	2026 RMB'000	2025 RMB'000
Financial assets:		
Financial assets at amortised cost (including cash and cash equivalents)		
Refundable deposit and call option deed	17,105	—
Trade, lease and other receivables	15,291	8,651
Cash and cash equivalents	113,834	42,171
	146,230	50,822
Financial liabilities:		
Financial liabilities at amortised cost		
Trade and other payables	37,853	37,297
Lease liabilities	10,499	11,294
Convertible bonds	93,001	16,444
Amounts due to a substantial shareholder	26,699	25,408
	168,052	90,443

(f) Fair values

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statements of financial position approximate their fair values.

6. SEGMENT INFORMATION

The operating segments are determined with reference to the reports and financial information reviewed by the Company's executive directors who are responsible for financial and accounting matters (the "Chief Operating Decision Makers") for the purpose of assessment of performance and resource allocation.

For the year ended 30 June 2026 and 2025, the Group has two reportable segments, which are manufacture and sale of furniture products and data centre business. The following summarises the operation of each reportable segment of the Group:

- Furniture segment — manufacture and sale of furniture products in the PRC; and
- Data centre segment — data centre business in the PRC and provision of information technology management service in Hong Kong.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

6. SEGMENT INFORMATION (continued)

(a) Reportable segments revenue and results

	Furniture		Data Centre		Total	
	2026	2025	2026	2025	2026	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue						
Sale of furniture products	61,976	47,788	–	–	61,976	47,788
Information technology management service	–	–	485	441	485	441
Internet access connection service	–	–	177	150	177	150
Data centre operating and security service	–	–	170	170	170	170
Rental of server racks	–	–	15,907	17,301	15,907	17,301
Commission income from trading service	–	3,595	–	–	–	3,595
	61,976	51,383	16,739	18,062	78,715	69,445
Segment results	(1,823)	(7,668)	(11,742)	(4,124)	(13,565)	(11,792)
Unallocated expenses					(3,484)	(2,125)
Other income					31	51
Interest expense of convertible bonds					(2,125)	(796)
Loss before tax					(19,143)	(14,662)

The Group had no inter-segment transactions during the years ended 30 June 2026 and 2025.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

6. SEGMENT INFORMATION (continued)

(b) Reportable segments assets and liabilities

	Furniture		Data Centre		Total	
	2026	2025	2026	2025	2026	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment assets	41,143	41,039	44,944	56,732	86,087	97,771
Cash and cash equivalents					102,979	26,463
Unallocated corporate assets					21,581	4,708
					210,647	128,942
Segment liabilities	(33,343)	(32,137)	(37,403)	(33,865)	(70,746)	(66,002)
Convertible bonds					(93,001)	(16,444)
Unallocated corporate liabilities					(7,879)	(11,303)
					(171,626)	(93,749)

Segment assets exclude cash and cash equivalents which are held as general working capital of the Group as a whole and unallocated corporate assets representing corporate assets of the Group's office in Hong Kong which were not directly attributable to the business activities of any operating segment.

Segment liabilities exclude convertible bonds and unallocated corporate liabilities representing the liabilities of the Group's office in Hong Kong which were not directly attributable to the business activities of any operating segment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

6. SEGMENT INFORMATION (continued)

(c) Other segment information

	Furniture		Data Centre		Unallocated		Total	
	2026	2025	2026	2025	2026	2025	2026	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Bank interest income	1	11	8	31	31	63	40	105
Interest income arising from unwinding contract assets with significant financing component	31	28	-	-	-	-	31	28
Implied interest on amounts due to a substantial shareholder	-	-	1,291	182	-	-	1,291	182
Interest expense on other borrowing	-	-	-	-	212	-	212	-
Interest expense on lease liabilities	1,205	1,270	-	-	-	-	1,205	1,270
Interest expense on convertible bonds	-	-	-	-	2,125	796	2,125	796
Depreciation of right-of-use assets	1,341	1,296	582	93	-	-	1,923	1,389
Depreciation of property, plant and equipment	664	760	-	-	-	-	664	760
Loss on written off and disposal of property, plant and equipment	-	2	-	-	-	-	-	2
Government grant	108	101	-	-	-	-	108	101
(Reversal of)/impairment loss on trade and other receivables	(3,034)	(1,958)	499	349	-	-	(2,535)	(1,609)
Impairment loss on right-of-use assets	-	-	805	-	-	-	805	-
Impairment loss on goodwill	-	-	9,585	3,938	-	-	9,585	3,938
Additions to property, plant and equipment	196	217	-	-	-	-	196	217
Additions to right-of-use assets	-	388	-	29,081	-	-	-	29,469

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

6. SEGMENT INFORMATION (continued)

(d) 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.

	2026 RMB'000	2025 RMB'000
Revenue from external customers		
PRC	78,662	69,389
Hong Kong	53	56
	78,715	69,445

The geographical location of revenue allocated is based on the location at which the goods were delivered and the service were 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.

(e) Information about major customer

The Group's customer base is diversified and includes only the following customer with whom transactions have exceeded 10% of the Group's revenue. During the year, revenue derived from the customer from furniture segment is as follows:

	2026 RMB'000	2025 RMB'000
Customer A (Furniture)	37,227	29,295

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

7. REVENUE

	2026 RMB'000	2025 RMB'000
Revenue from contracts with customer		
Sale of furniture products	61,976	47,788
Information technology management service	485	441
Internet access connection service	177	150
Data centre operating and security service	170	170
Commission income from trading service	–	3,595
	62,808	52,144
Revenue from other sources		
Rental of server racks	15,907	17,301
	78,715	69,445

Disaggregation of revenue from contract with customers

The Group's revenue from contracts with customer disaggregated by the timing of revenue recognition is as follows:

	2026 RMB'000	2025 RMB'000
Timing of revenue recognition		
At a point in time	61,976	51,383
Overtime	832	761
	62,808	52,144

Revenue expected to be recognised in the future arising from contract in existence at the reporting date

Operating leases

The Group sub-leases its server racks and classifies these sub-leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be recovered after the reporting date.

	2026 RMB'000	2025 RMB'000
At the end of the year		
Year 1	2,346	3,177

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

8. OTHER GAIN/(LOSS), NET

	2026	2025
	RMB'000	RMB'000
Bank interest income	40	105
Exchange loss, net	(66)	(12)
Interest income arising from unwinding contract assets with significant financing component	31	28
Employee compensation	(264)	(1,170)
Modification on convertible bonds	–	(1,241)
Government grant	108	101
Others	306	32
	155	(2,157)

9. FINANCE COSTS

	2026	2025
	RMB'000	RMB'000
Implied interest on amounts due to a substantial shareholder	1,291	182
Interest expense on other borrowing	212	–
Interest expense on lease liabilities	1,205	1,270
Interest expense on convertible bonds	2,125	796
	4,833	2,248

10. INCOME TAX EXPENSE

	2026	2025
	RMB'000	RMB'000
Current tax		
Provision for the year	73	40
Under-provision in prior years	–	10
	73	50

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.

Hong Kong Profits Tax for the years ended 30 June 2026 and 2025 has been provided under two-tiered profit tax rate regime, the first HK\$2 million of estimated assessable profits is provided at the rate of 8.25%, and estimated assessable profits above HK\$2 million is provided at the rate of 16.5%.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

10. INCOME TAX EXPENSE (continued)

Provision for the enterprise income tax in the PRC is calculated using the a statutory tax rate of 25% of the estimated assessable profits as determined in accordance with the relevant income tax laws in the PRC.

In accordance with the "Notice on implementing Generalised Preferential Tax Treatment for Small Low profit Enterprises", the Group's PRC entities which are qualified as small and thin profit enterprises with an annual taxable profits of RMB1 million or less entitled a tax concession for 25% of its taxable profits and at the tax rate of 20%.

The reconciliation between the income tax expense and the product of loss before tax multiplied by the PRC enterprise income tax rate is as follows:

	2026 RMB'000	2025 RMB'000
Loss before tax	(19,143)	(14,662)
Tax calculated at tax rate of 25%	(4,786)	(3,666)
Tax effect of expenses not deductible, net	3,175	2,127
Tax effect of deductible temporary differences not recognised	(745)	(417)
Tax effect of utilisation of tax losses not previously recognised	(688)	(218)
Tax effect of tax losses not recognised	3,081	2,373
Under-provision in prior years	–	10
Effect of different tax rates of subsidiaries	36	(159)
Income tax expense	73	50

As at 30 June 2026, certain subsidiaries of the Group have unused tax losses of RMB57,527,000 (2025: RMB48,734,000) available to offset against future profits that will be expired in five years. No deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of profit streams in the future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

11. LOSS FOR THE YEAR

The Group's loss for the year has been arrived at after charging/(crediting) the following:

	2026 RMB'000	2025 RMB'000
Auditor's remuneration		
– Audit services	663	637
– Audit-related services	9	9
Cost of inventories recognised as expense, including	50,035	38,734
– (Reversal of allowance)/write-down of inventories to net realisable value	(927)	1,261
Depreciation of right-of-use assets	1,923	1,389
Depreciation of property, plant and equipment	664	760
Loss on disposal of property, plant and equipment	–	2
Impairment/(reversal of) on assets		
– goodwill	9,585	3,938
– right-of-use assets	805	–
– trade receivables and other receivables	(2,535)	(1,609)
	7,855	2,329
Share-based payment arising from issue of convertible bonds	–	1,744
Staff costs (including directors' emoluments)		
– Salaries, bonus and allowances	12,432	13,364
– Retirement benefits scheme contributions	2,331	2,414
Total staff costs (including directors' emoluments)	14,763	15,778

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

12. REMUNERATION OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

(a) Directors' emoluments

Directors' remuneration is disclosed as follows:

		Salaries, allowances and benefits	
	Fees	in kinds	Total
	RMB'000	RMB'000	RMB'000
<i>For the year ended 30 June 2026</i>			
Executive directors			
Mr. Lai Ningning ("Mr. Lai")	–	–	–
Mr. Yi Cong	–	480	480
Mr. Liang Xing Jun	–	111	111
Mr. Ma Gary Ming Fai	107	–	107
Non-executive director			
Mr. Luo Guoqiang	107	–	107
Independent non-executive directors			
Mr. Chan Wing Kit	107	–	107
Mr. Lin Xiao Dong (Note i)	107	–	107
Ms. Chan Pui Shan (Note i)	107	–	107
	535	591	1,126

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

12. REMUNERATION OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS (continued)

(a) Directors' emoluments (continued)

	Fees	Salaries, allowances and benefits in kinds	Total
	RMB'000	RMB'000	RMB'000

For the year ended 30 June 2025

Executive directors

Mr. Lai	–	–	–
Mr. Yi Cong	–	480	480
Mr. Liang Xing Jun	–	105	105
Mr. Ma Gary Ming Fai	111	–	111

Non-executive director

Mr. Luo Guoqiang	111	–	111
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Independent non-executive directors

Mr. Chan Wing Kit	111	–	111
Ms. Cao Shao Mu (Note ii)	–	–	–
Mr. Li Saint Chi Sainti ("Mr. Li") (Note ii)	–	–	–
Mr. Lin Xiao Dong (Note i)	78	–	78
Ms. Chan Pui Shan (Note i)	78	–	78
	489	585	1,074

Notes:

- (i) Mr. Lin Xiao dong and Ms. Chan Pui Shan were appointed as the Company's independent non-executive director on 18 October 2024.
- (ii) Ms. Cao Shao Mu and Mr. Li resigned as the Company's independent non-executive director on 18 October 2024.

Salaries, allowances and other benefits paid to or for the executive directors are generally emoluments in respect of those persons' other services in connection with the management of the affairs of the Company and its subsidiaries.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

12. REMUNERATION OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS (continued)

(b) Five highest paid individuals

The five highest paid individuals consist of 1 director of the Company for the year ended 30 June 2026 (2025: 1 director). Details of whose remuneration are reflected in the analysis presented above. Details of remuneration of the remaining 4 highest paid individuals for the year ended 30 June 2026 (2025: 4) are as follows:

	2026 RMB'000	2025 RMB'000
Salaries, allowances and benefits in kind	863	913
Retirement benefits scheme contributions	271	268
	1,134	1,181

Their emoluments were within the following band:

	2026 Number of individual	2025 Number of individual
Nil to HK\$1,000,000	4	4

There was no arrangement under which a director waived or agreed to waive any remuneration during the year ended 30 June 2026 (2025: nil).

No emolument was paid by the Group to the directors or any of the five highest paid individuals as an inducement to join or upon joining the Group, or compensation for loss of office.

(c) Senior management

Emoluments paid or payable to members of senior management who are not directors were within the following band:

	2026 Number of individual	2025 Number of individual
Nil to HK\$1,000,000	4	4

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

13. DIVIDENDS

No dividend has been paid or declared during the years ended 30 June 2026 and 2025 nor has any dividend been declared since the end of the reporting period.

14. LOSS PER SHARE

The calculation of basic loss per share attributable to owners of the Company for the year ended 30 June 2026 is based on the loss for the year attributable to owners of the Company of approximately RMB19,094,000 (2025: approximately RMB13,508,000) and the weighted average number of ordinary shares of 154,717,296 (2025:121,600,918 ordinary shares) in issue during the year.

The effects of all potential ordinary shares are anti-dilutive for the year ended 30 June 2026 and 2025.

15. PROPERTY, PLANT AND EQUIPMENT

	Motor vehicles RMB'000	Plant and machinery RMB'000	Furniture and office equipment RMB'000	Leasehold improvements RMB'000	Buildings RMB'000	Total RMB'000
COST						
At 1 July 2024	635	7,499	832	4,771	55,270	69,007
Additions	–	–	217	–	–	217
Disposals	(50)	–	(24)	–	–	(74)
At 30 June 2025 and 1 July 2025	585	7,499	1,025	4,771	55,270	69,150
Additions	–	112	59	25	–	196
At 30 June 2026	585	7,611	1,084	4,796	55,270	69,346
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSS						
At 1 July 2024	507	5,923	431	4,669	55,270	66,800
Charge for the year	124	491	133	12	–	760
Disposals	(46)	–	(24)	–	–	(70)
At 30 June 2025 and 1 July 2025	585	6,414	540	4,681	55,270	67,490
Charge for the year	–	499	140	25	–	664
At 30 June 2026	585	6,913	680	4,706	55,270	68,154
CARRYING AMOUNTS						
At 30 June 2026	–	698	404	90	–	1,192
At 30 June 2025	–	1,085	485	90	–	1,660

As at 30 June 2026 and 2025, the Group's fully impaired buildings is pledged to secure the independent third party's borrowing.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

16. RIGHT-OF-USE ASSETS

Disclosures of lease-related items:

	2026 RMB'000	2025 RMB'000
Right-of-use assets		
– Leasehold lands	27,602	28,988
– Factory	8,762	9,918
– Office premises	63	249
	36,427	39,155
Lease commitments of short-term leases	7,339	7,524
The maturity analysis, based on undiscounted cash flows, of the Group's lease liabilities is as follows:		
– Within one year	1,890	1,999
– Between one and two years	1,980	1,890
– Between two and five years	6,237	6,039
– Over five years	5,663	7,841
	15,770	17,769

	2026 RMB'000	2025 RMB'000
Year ended:		
Depreciation charge of right-of-use assets		
– Leasehold land	581	92
– Factory	1,156	1,157
– Office premises	186	140
	1,923	1,389
Lease interests	1,205	1,270
Expenses related to short-term leases	11,545	11,072
Impairment loss on right-of-use asset	805	–
Total cash outflow for leases	13,545	13,072
Additions to right-of-use assets	–	29,469

As at 30 June 2026 and 2025, the Group's fully impaired leasehold land is pledged to secure the independent third party's borrowing.

The Group leases various leasehold land, factory and office premises. Lease agreements are typically made for fixed periods of 2–50 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants and the leased assets may not be used as security for borrowing purposes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

16. RIGHT-OF-USE ASSETS (CONTINUED)

The recoverable amounts of leasehold lands are based on fair value less costs of disposal. The Group uses direct comparison to estimate the fair value less costs of disposal of the assets which is based on the recent transaction prices for similar properties adjusted for nature, location and conditions of the property. The fair value measurement is categorised into Level 3 fair value hierarchy. Based on the valuation report from Valplus, as at 30 June 2026, the fair value of land and buildings less costs of disposal amounted to RMB27,602,000, lower than the carrying amount of leasehold lands of RMB28,407,000. Impairment loss was RMB805,000 provided for leasehold lands as at 30 June 2026.

17. GOODWILL

	RMB'000
COST	
At 1 July 2024, 30 June 2025, 1 July 2025 and 30 June 2026	30,827
ACCUMULATED IMPAIRMENT LOSSES	
At 1 July 2024	9,754
Impairment loss	3,938
At 30 June 2025 and 1 July 2025	13,692
Impairment loss	9,585
At 30 June 2026	23,277
CARRYING AMOUNTS	
At 30 June 2026	7,550
At 30 June 2025	17,135

Goodwill arising from acquisition of Polyqueue Limited is allocated to data centre CGU ("Data Centre CGU") for impairment testing.

During the years ended 30 June 2026 and 2025, the Group's management has engaged Valplus to perform valuations for the purpose to assess the recoverable amounts of Data Centre CGU as at 30 June 2026 and 2025.

Data Centre CGU

The recoverable amount of Date Centre CGU is determined based on a VIU calculation which uses cash flow projections based on financial budgets approved by the directors covering a five-year period, followed by an extrapolation of expected cash flow at 3.00% (2025: 3.00%) growth rate which do not exceed the long-term growth rate for the business in which the CGU operates, and a discount rate of 12.27% (2025: 13.78%) per annum. The discount rate used is pre-tax and reflect specific risks relating to the CGU.

As at 30 June 2026, based on the assessment result, the recoverable amount of RMB7,550,000 (2025: RMB17,135,000) is less than the carrying amount of RMB17,135,000 (2025: RMB21,073,000), impairment loss of RMB9,585,000 (2025: RMB3,938,000) on its goodwill has been recognised for the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

18. INVENTORIES

	2026	2025
	RMB'000	RMB'000
Raw materials	1,897	1,231
Work in progress	321	578
Finished goods	6,312	5,001
	8,530	6,810

19. CONTRACT ASSETS AND LIABILITIES

Disclosures of revenue-related items:

	As at 30 June 2026	As at 30 June 2025	As at 1 July 2024
	RMB'000	RMB'000	RMB'000
Contract assets	754	405	676
Contract liabilities	2,071	1,858	2,932
Contract receivables (included in trade receivables, net)	10,308	4,054	3,422

Transaction prices allocated to performance obligations unsatisfied at end of year and expected to be recognised as revenue in:

– one year	2,071	1,858
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	2026	2025
	RMB'000	RMB'000
Revenue recognised in the year that was included in contract liabilities at beginning of year	1,858	2,932

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

19. CONTRACT ASSETS AND LIABILITIES (CONTINUED)

Significant changes in contract assets and contract liabilities during the year:

	2026		2025	
	Contract assets	Contract liabilities	Contract assets	Contract liabilities
	RMB'000	RMB'000	RMB'000	RMB'000
Increase due to operations in the year	2,196	5,063	1,441	9,099
Transfer of contract assets to receivables	(1,878)	–	(1,740)	–
Transfer of contract liabilities to revenue	–	(4,850)	–	(10,173)
Unwinding QADs with significant financing component brought forward from prior years	31	–	28	–

A contract asset represents the Group's right to consideration in exchange for products or services that the Group has transferred to a customer.

As at 30 June 2026, the Group elected simplified approach to measure lifetime ECLs on contract assets using probability default model. No impairment loss was provided for contract assets during the years ended 30 June 2026 and 2025.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

20. TRADE, LEASE AND OTHER RECEIVABLES

	2026 RMB'000	2025 RMB'000
Trade receivables (Note (a))	16,317	8,628
Lease receivables (Note (b))	3,114	3,319
Other receivables (Note (c))	12,034	10,879
Deposits (Note (c))	727	1,120
Prepayments (Note (d))	15,599	22,731
Refundable deposit and call option deed (Note (e))	17,105	–
	64,896	46,677
Less: loss allowance	(22,536)	(25,071)
	42,360	21,606

(a) Trade receivables

	2026 RMB'000	2025 RMB'000
Trade receivables, gross	16,317	8,628
Less: loss allowance	(6,009)	(4,574)
Trade receivables, net	10,308	4,054

As at 30 June 2026, included in gross trade receivables are trade receivables of RMB13,849,000 (2025: RMB6,821,000) and QAD receivables of RMB1,440,000 (2025: RMB1,044,000) from furniture segment. The credit periods on sales of goods for customers are normally within 30 days or up to 180 days from invoice date depends on contract terms.

As at 30 June 2026, included in gross trade receivables are trade receivables of RMB1,028,000 (2025: RMB763,000) from data centre segment. The credit periods on service contracts with customers are normally within 30 days or up to 90 days from invoice date depends on contract terms.

The aging analysis of gross trade receivables as of the end of reporting period, based on invoice dates, is as follows:

	2026 RMB'000	2025 RMB'000
Within 3 months	10,065	3,373
More than 3 months	6,252	5,255
	16,317	8,628

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

20. TRADE, LEASE AND OTHER RECEIVABLES (CONTINUED)

(a) Trade receivables (continued)

The aging analysis of trade receivables as of the end of reporting period, based on past due dates and net of loss allowance, is as follows:

	2026	2025
	RMB'000	RMB'000
Current (not past due)	8,894	2,686
Less than 1 month past due	890	371
1 to 3 months past due	130	263
More than 3 months but less than 6 months past due	293	469
More than 6 months past due	101	265
	10,308	4,054

Trade receivables that were neither past due nor impaired related to a number of customers for whom there was no recent history of default. Trade receivables that were past due related to a number of independent customers that have a good track record with the Group. The Group did not hold any collateral as security or other credit enhancements over the trade receivables.

The movements in loss allowance of trade receivables were as follows:

	2026	2025
	RMB'000	RMB'000
At the beginning of the year	4,574	6,575
Provision/(reversal) of loss allowance for the year	1,435	(2,001)
At the end of the year	6,009	4,574

As at 30 June 2026, the Group applied simplified approach to measure lifetime ECLs on the Group's trade receivables for furniture segment of RMB13,849,000 (2025: RMB6,821,000) using a provision matrix. The following table provides information about the Group's exposure to credit risk and ECLs on trade receivables as at reporting date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

20. TRADE, LEASE AND OTHER RECEIVABLES (CONTINUED)

(a) Trade receivables (continued)

	ECL rate %	Gross carrying amount RMB'000	Lifetime ECLs RMB'000	Net carrying amount RMB'000
At 30 June 2026				
Current (not past due)	5.0	8,914	445	8,469
Less than 1 month past due	6.1	948	58	890
1 to 3 months past due	36.0	203	73	130
More than 3 months but less than 6 months past due	57.8	694	401	293
More than 6 months past due	100.0	3,090	3,090	–
		13,849	4,067	9,782

	ECL rate %	Gross carrying amount RMB'000	Lifetime ECLs RMB'000	Net carrying amount RMB'000
At 30 June 2025				
Current (not past due)	0.3	2,599	9	2,590
Less than 1 month past due	3.4	384	13	371
1 to 3 months past due	19.3	326	63	263
More than 3 months but less than 6 months past due	30.6	676	207	469
More than 6 months past due	100.0	2,836	2,836	–
		6,821	3,128	3,693

As at 30 June 2026, the Group applied simplified approach to measure lifetime ECLs on the Group's QAD receivables for furniture segment of RMB1,440,000 (2025: RMB1,044,000) using probability-default model. The ECL rate was 70.5% (2025: 74.6%) and the loss allowance as at year ended was RMB1,015,000 (2025: RMB779,000).

As at 30 June 2026, the Group applied simplified approach to measure lifetime ECLs on the Group's trade receivables for data centre segment of RMB1,028,000 (2025: RMB763,000) using probability-default model. The ECL rate was 90.2% (2025: 87.4%) and the loss allowance as at year ended was RMB927,000 (2025: RMB667,000).

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For the year ended 30 June 2026

20. TRADE, LEASE AND OTHER RECEIVABLES (CONTINUED)

(b) Lease receivables

As at 30 June 2026, the Group applied simplified approach to measure lifetime ECLs on the Group's lease receivables for data centre segment of RMB3,114,000 (2025: RMB3,319,000) using probability-default model. The ECL rate was 10.4% (2025: 0.3%) and the loss allowance as at year end was RMB323,000 (2025: RMB11,000).

(c) Other receivables

As at 30 June 2026, the Group applied general approach to measure ECLs on the Group's deposits and other receivables of RMB12,761,000 (2025: RMB11,999,000) using probability-default model and provided loss allowance of RMB10,569,000 (2025: RMB10,710,000) at the end of the year.

(d) Prepayments

- (i) As at 30 June 2026, among the prepayments, approximately RMB7,069,000 (2025: RMB14,755,000) represented prepayments to suppliers for purchase of raw materials.
- (ii) As at 30 June 2026, the Group applied general approach to measure ECLs on the Group's prepayments of RMB15,599,000 (2025: RMB22,731,000) using probability-default model and provided loss allowance of RMB5,635,000 (2025: RMB9,776,000) at the end of the year.

(e) Refundable deposit and call option deed

On 19 June 2025, the Company, as grantee, entered into the call option deed ("the Old Deed") with the grantor for a consideration of HK\$1.00. Under this deed, the grantor granted the Company a call option to acquire all shares of a target company ("Call Option") and take assignment of the shareholder's loan. The Call Option was exercisable once at the sole discretion of the Company within an initial six-month exercise period, to purchase the shares and shareholder's loan at the option purchase price. Upon signing the Old Deed, the Company paid a refundable deposit of HK\$19,100,000 in July 2025; such deposit would be applied to settle part of the option purchase price if the Call Option was exercised. The Company appointed Valplus to conduct valuations to assess the fair value of this Call Option, which was approximate to zero as at the date of the Old Deed and for the year ended 30 June 2025. The Old Deed was terminated on 27 March 2026, conditional upon the execution of the new Call Option Deed and the assumption of all deposit repayment obligations by Mr. Ma.

On 27 March 2026, the Company, as grantee, entered into the new Call Option Deed with Mr. Ma, its executive director and substantial shareholder, at a nominal consideration of HK\$1.00. The new deed preserved most underlying commercial terms of the Old Deed, while permitting tranching partial exercise: the Company may elect to acquire no less than 51% of the target company's enlarged issued share capital, together with the corresponding proportionate shareholder's loan, at cost. The option period runs from 27 March 2026 to 31 December 2026, subject to mutual written extension. The HK\$19,100,000 deposit liability was irrevocably assumed by Mr. Ma; the deposit remains within the target for project use and may offset future purchase price, with refund obligations applicable if the option expires without exercise. The Company engaged Valplus to perform valuations for the purpose to assess the fair value of the new Call Option. The fair value of the new call option is approximate to zero as at the date of the new Call Option Deed signed and for the year ended 30 June 2026.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

20. TRADE, LEASE AND OTHER RECEIVABLES (CONTINUED)

(e) Refundable deposit and call option deed (continued)

Please refer to the announcements of the Company dated 27 March 2025, 19 May 2025, 25 July 2025, 21 August 2025, 29 September 2025, 10 December 2025, 13 February 2026, 10 April 2026, 2 June 2026, 12 August 2026 and 18 September 2026 and the circular of the Company dated 30 April 2025.

21. CASH AND CASH EQUIVALENTS

As at 30 June 2026, the bank and cash balances of the Group denominated in RMB amounted to approximately RMB10,794,000 (2025: RMB15,574,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations.

22. TRADE AND OTHER PAYABLES

	2026	2025
	RMB'000	RMB'000
Trade payables	13,025	12,624
Other payables and accruals (Note)	24,828	24,673
Other tax payables	188	98
	38,041	37,395

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

	2026	2025
	RMB'000	RMB'000
Within 3 months	9,455	8,054
More than 3 months	3,570	4,570
	13,025	12,624

Note:

At 30 June 2026, included in other payables was RMB5,665,000 and RMB4,648,000 (2025: RMB5,665,000 and RMB5,592,000) due to the registered owner of Beijing Wannuotong and Mega Data Investment Limited, related companies controlled by Director, respectively. The amounts were unsecured, interest-free and repayable on demand.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

23. LEASE LIABILITIES

	Lease payments		Present value of lease payments	
	2026	2025	2026	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Within one year	1,890	1,999	761	795
Between one and two years	1,980	1,890	947	761
Between two and five years	6,237	6,039	3,880	3,288
Over five years	5,663	7,841	4,911	6,450
	15,770	17,769	10,499	11,294
Less: Future finance charges	(5,271)	(6,475)		
Present value of lease liabilities	10,499	11,294		
Less: Amount due for settlement within 12 months (shown under current liabilities)			(761)	(795)
Amount due for settlement after 12 months			9,738	10,499

At 30 June 2026, the average effective borrowing rate was 3.35%-11.67% (2025: 3.35%-11.67%). Interest rates are fixed at the contract dates and thus expose the Group to fair value interest rate risk.

24. CONVERTIBLE BONDS

On 26 February 2024, the Company issued zero coupon convertible bonds with a principal amount of HK\$12,400,000 for setting off all outstanding amount payable of HK\$12,400,000 for the convertible bonds issued on 15 January 2020. The convertible bonds are denominated in HK\$ will mature in two 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 of HK\$0.683 per conversion share. On 2 September 2024, the Company entered into the supplemental deed poll to, modify the maturity date of the convertible bonds to 19 February 2025. The modification loss on convertible bonds approximately RMB1,241,000 was recognized by the Group. On 17 December 2024, a convertible bond holder exercising its rights to convert the convertible bonds at the conversion price of HK\$0.683 per conversion share and 3,631,039 conversion shares allotted and issued to the convertible bondholder, the conversion was completed on 30 December 2024. On 14 February 2025, another convertible bond holder exercising its rights to convert the convertible bonds at the conversion price of HK\$0.683 per conversion share and 14,524,158 conversion shares allotted and issued to the convertible bondholder, the conversion was completed on 19 February 2025. Please refer to (i) the announcements of the Company dated 3 January 2024, 7 February 2024, 26 February 2024, 2 September 2024, 20 December 2024 and 17 February 2025, and (ii) the circular of the Company dated 22 January 2024, respectively, for further details.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

24. CONVERTIBLE BONDS (CONTINUED)

To alleviate the short-term liquidity pressure of the Group and ensure the Group maintains sufficient financial soundness for carrying out its business development plans, including but not limited to the potential acquisition of land and the development of the data centre service business, on 27 March 2025, the Company and Mr. Chatchaval Jiaravanon and CMAG Fund SPC, both being subscribers, have entered into a subscription agreement (the “**Subscription Agreement**”), pursuant to which, among others, the Company has conditionally agreed to allot, and the subscribers conditionally agreed to subscribe for zero coupon convertible bonds in the aggregate principal amount of HK\$120 million. The parties entered into several supplemental agreements, for, among others, the extension of the long stop date and the maturity date. The Conditions Precedent under the Subscription Agreement and the Supplemental Agreements have been fulfilled or satisfied and completion took place on 12 August 2026. On 17 August 2026, the Company received conversion notices from the subscribers exercising their rights to convert the bonds in the principal amount of HK\$120 million at the conversion price of HK\$4 per conversion share. Accordingly, total 30,000,000 conversion shares were allotted and issued to subscribers on 26 August 2026. Please refer to the announcements of the Company dated 27 March 2025, 19 May 2025, 25 July 2025, 21 August 2025, 29 September 2025, 10 December 2025, 13 February 2026, 10 April 2026, 2 June 2026, 12 August 2026 and 26 August 2026, and the circular dated 30 April 2025, respectively, for further details.

On 30 June 2025, the Company issued zero coupon convertible bonds with a principal amount of HK\$20,000,000 for the Group to raise additional fund. The convertible bonds are denominated in HK\$ will mature in 7 months 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\$6.4 per conversion share. Any convertible bonds not converted will be redeemed on 31 January 2026 at 103% of their principal amount. Assuming full exercise of the conversion rights, at the initial conversion price of HK\$6.4 per Conversion Share, a maximum of 3,125,000 conversion shares will be allotted and issued. On 30 January 2026, certain convertible bond holders exercising its rights to convert the convertible bonds at the conversion price of HK\$6.4 per conversion share and 2,500,000 conversion shares allotted and issued to the convertible bondholder, the conversion was completed on 2 March 2026 and remaining 625,000 convertible bonds redeemed on 31 January 2026 at approximately HK\$4,000,000 (RMB3,582,000). Please refer to the announcements of the Company dated 19 June 2025 and 30 June 2025, respectively, for further details.

On 24 June 2026, the Company issued 5% convertible bonds under general mandate with a principal amount of HK\$117,750,000 to enhance the working capital and strengthen the capital base and financial position of the Company. The convertible bonds are denominated in HK\$ will mature in 360 days 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\$7.6 per conversion share. The Company have option to redeem the bonds at 100% of the outstanding principal at any time from the date of issue of the bonds. Assuming full exercise of the conversion rights, at the initial conversion price of HK\$7.6 per Conversion Share, a maximum of 15,493,421 conversion shares will be allotted and issued. Please refer to the announcements of the Company dated 3 June 2026 and 24 June 2026, respectively, for further details.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

24. CONVERTIBLE BONDS (CONTINUED)

The fair value of the liability component was determined at the issue date of the convertible bonds. The fair value of the liability component, included in current financial liabilities, was calculated using a market interest rate for an equivalent non-convertible bonds. The residual amount, representing the value of the equity conversion component, is included in convertible bonds equity reserve.

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

	2026 RMB'000	2025 RMB'000
At the beginning of the year	16,444	9,444
Increase during the year:		
Fair value of the convertible bonds issued	102,064	19,996
Modification of convertible bonds	–	1,241
Less: transaction costs	(373)	(904)
Less: Amount classified as equity	(8,918)	(2,648)
Liability component on initial recognition	92,773	17,685
Interest expense	2,125	796
Interest paid	(107)	–
Redeemed	(3,582)	–
Conversion	(13,921)	(11,634)
Exchange realignment	(731)	153
Liability component as at year ended	93,001	16,444

Interest expense on the convertible bonds is calculated using the effective interest method by applying the effective interest rate of 15.9%-16.2% to the liability component.

The principal amount of the convertible bonds as at 30 June 2026 is approximately RMB102,064,000 (2025: RMB18,251,000).

25. AMOUNTS DUE TO A SUBSTANTIAL SHAREHOLDER

The advances are denominated in RMB, unsecured, non-interest bearing and have 3 years repayment terms.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

26. SHARE OPTION SCHEME

On 19 December 2016, the original share option scheme (the “**Share Option Scheme**”) of the Company was approved and conditionally adopted by the Board and shareholders of the Company by way of written resolutions.

On 2 June 2021, the Company entered into the conditional share option deed (the “**Share Option Deed**”) with Mr. Lai.

On 7 March 2024, the Company completed the consolidation of shares in issued shares of company and adjustment on exercise price of outstanding share options and number of share options was made.

Details of the share options outstanding as at the end of the reporting period are as follows:

	2026		2025	
Share options granted on 1 June 2022		200,000		200,000

	2026		2025	
	Number of share options	Weighted average exercise price HK\$	Number of share options	Weighted average exercise price HK\$
Outstanding at the beginning of the year	200,000	2.2	10,200,000	3.5
Cancelled during the year	–	–	(10,000,000)	3.5
Outstanding at the end of the year	200,000	2.2	200,000	2.2
Exercisable at the end of the year				
Share options granted on 1 June 2022	200,000		200,000	

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For the year ended 30 June 2026

26. SHARE OPTION SCHEME (CONTINUED)

Share Option Deed

On 2 June 2021, the Company entered into the Share Option Deed with Mr. Lai, pursuant to which the Company has conditionally agreed to grant the options to Mr. Lai in the consideration of HK\$1.00, exercisable within the option period, such that Mr. Lai shall be entitled to require the Company to allot and issue up to a maximum of 10,000,000 subscription shares at the subscription price upon and subject to the terms set out in the Share Option Deed.

As the relevant conditions were fulfilled, an extraordinary general meeting was held by the Company on 2 August 2021, to approve, confirm and/or ratify the passing of the Share Option Deed. For details, please refer to the announcement dated 2 June 2021, the circular dated 16 July 2021 and the announcement dated 2 August 2021 of the Company.

As the Share Option Deed is regarded as a one-person share option scheme, the Company will not engage a trustee for the Share Option Deed to manage the Share Option Deed in order to save administrative costs.

On 10 January 2025, the company received a request from Mr. Lai for cancellation of the share option. Mr. Lai indicated that he made such request as he has no intention to further increase his shareholding interest in the Company by way of exercise of the share options. The share option was cancelled on 13 January 2025.

The following illustrates the changes of shareholding of the Company for the reporting period resulting from the Share Option Deed:

				Outstanding at 1 July 2024	Granted during the reporting period	Exercised during the reporting period	Cancelled during the reporting period	Outstanding at 30 June 2025
Name of participant	Date of grant	Vesting period	Exercisable period					
Mr. Lai	2/8/2021	Nil	2/8/2021–1/8/2025	4,000,000	–	–	(4,000,000)	–
		2/8/2021–1/8/2022	2/8/2022–1/8/2025	3,000,000	–	–	(3,000,000)	–
		2/8/2021–1/8/2023	2/8/2023–1/8/2025	3,000,000	–	–	(3,000,000)	–
					10,000,000	–	–	(10,000,000)
Exercisable at the end of the year								–

The fair value of the share options granted by the Group on 2 August 2021 amounted to approximately HK\$24,356,000 (in equivalent to RMB20,245,000). For the year ended 30 June 2025, no equity-settled share-based payment expense was recognised by the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

26. SHARE OPTION SCHEME (CONTINUED)

Share Option Scheme

On 1 June 2022, the Company entered into the share option agreement with Mr. Li, pursuant to which the Company has conditionally agreed to grant the options to Mr. Li in the consideration of HK\$1.00, exercisable within the option period, such that Mr. Li shall be entitled to require the Company to allot and issue up to a maximum of 200,000 subscription shares at the subscription price upon and subject to the terms set out in the Share Option Scheme.

The grant has been reviewed and approved by the Board (including all independent non-executive Directors other than Mr. Li in accordance with Rule 23.04(1) of the GEM Listing Rules). As Mr. Li will not, as a result of the grant, be entitled to be issued with such number of shares as represents over 0.1% of the shares in issue upon exercise of all share options granted to him in the 12-month period up to and including the date of grant, the grant to Mr. Li is not subject to approval of the shareholders in general meeting. Due to resignation of Mr. Li as the Company's independent non-executive director, Directors passed the board resolution to maintain the exercisable right of share option and extend share options exercisable period to 17 October 2026. The Directors consider that the effect of the share option modification is immaterial to the consolidated financial statements.

The following illustrates the changes of shareholding of the Company for the reporting period resulting from the share option scheme:

Name of participant	Date of grant	Vesting period	Exercisable period	Outstanding at 1 July 2025	Granted during the reporting period	Exercised during the reporting period	Lapsed during the reporting period	Outstanding at 30 June 2026
Mr. Li	1/6/2022	Nil	1/6/2022–17/10/2026	200,000	–	–	–	200,000
Exercisable at the end of the year								200,000

Name of participant	Date of grant	Vesting period	Exercisable period	Outstanding at 1 July 2024	Granted during the reporting period	Exercised during the reporting period	Lapsed during the reporting period	Outstanding at 30 June 2025
Mr. Li	1/6/2022	Nil	1/6/2022–17/10/2026	200,000	–	–	–	200,000
Exercisable at the end of the year								200,000

The options outstanding at the end of the period have a remaining contractual life of 0.3 years and the exercise price is HK\$2.2.

For the year ended 30 June 2026 and 2025, no equity-settled share-based payment expense of was recognised by the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

27. SHARE CAPITAL

	Number of shares	Share capital RMB'000
Authorised:		
Ordinary shares of HK\$0.1 (2025:HK\$0.1) each		
At 1 July 2024, 30 June 2025, 1 July 2025 and 30 June 2026	300,000,000	
Issued and fully paid:		
Ordinary shares of HK\$0.1 (2025:HK\$0.1) each		
At 1 July 2024	90,733,332	8,016
Issue of shares (note a)	45,000,000	4,225
Conversion of convertible bonds (note b)	18,155,197	1,702
At 30 June 2025 and 1 July 2025	153,888,529	13,943
Conversion of convertible bonds (note c)	2,500,000	219
At 30 June 2026	156,388,529	14,162

Notes:

- (a) On 21 October 2024, the Company and subscribers entered into subscription agreement in respect of the placement of 45,000,000 ordinary shares of HK\$0.1 each to subscribers at a price of HK\$0.3 per share. The subscription was completed on 20 December 2024 and the premium on the issue of shares, amounting to approximately HK\$9,000,000 (equivalent to RMB8,451,000), net of share issue expenses of HK\$593,000 (equivalent to RMB557,000), was credited to the Company's share premium account.

- (b) On 17 December 2024, the Company received a conversion notice from one of the convertible bondholder in the principal amount of HK\$2,480,000, exercising its rights to convert the convertible bonds at the conversion price of HK\$0.683 per conversion share. 3,631,039 conversion shares allotted and issued to the convertible bondholder. The conversion was completed on 30 December 2024 and the premium on the issue of shares, amounting to approximately HK\$3,104,000 (equivalent to RMB2,919,000) was credited to the Company's share premium account.

On 14 February 2025, the Company received a conversion notice from another convertible bondholders in the principal amount of HK\$9,920,000, exercising its rights to convert the convertible bonds at the conversion price of HK\$0.683 per conversion share. 14,524,158 conversion shares allotted and issued to the convertible bondholder. The conversion was completed on 19 February 2025 and the premium on the issue of shares, amounting to approximately HK\$12,584,000 (equivalent to RMB11,784,000) was credited to the Company's share premium account.

- (c) On 30 January 2025, the Company received a conversion notice from convertible bondholders in the principal amount of HK\$16,000,000, exercising its rights to convert the convertible bonds at the conversion price of HK\$6.4 per conversion share. 2,500,000 conversion shares allotted and issued to the convertible bondholder. The conversion was completed on 2 March 2026 and the premium on the issue of shares, amounting to approximately HK\$18,048,000 (equivalent to RMB15,820,000) was credited to the Company's share premium account.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

27. SHARE CAPITAL (CONTINUED)

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.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend paid to shareholders, return capital to shareholders, raise new debt financing or sell assets to reduce debt.

The capital structure of the Group consists of debt and equity attributable to owners of the Company, comprising share capital and reserves.

The net debt-to equity ratio at the end of reporting period was as follow:

	2026 RMB'000	2025 RMB'000
Current liabilities		
Trade and other payables	38,041	37,395
Convertible bonds	93,001	16,444
Lease liabilities	761	795
	131,803	54,634
Non-current liabilities		
Lease liabilities	9,738	10,499
Amounts due to a substantial shareholder	26,699	25,408
	36,437	35,907
Total debt	168,240	90,541
Less: Cash and cash equivalents	(113,834)	(42,171)
Net debt	54,406	48,370
Total equity	39,021	35,193
Net debt to equity ratio	139%	137%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

28. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2026 RMB'000	2025 RMB'000
Non-current assets		
Investment in a subsidiary	15,115	28,764
	15,115	28,764
Current assets		
Trade, lease and other receivables	21,386	4,708
Cash and cash equivalents	102,892	26,463
	124,278	31,171
Current liabilities		
Trade and other payables	6,583	7,632
Convertible bonds	93,001	16,444
	99,584	24,076
Net current assets	24,694	7,095
Total assets less current liabilities	39,809	35,859
NET ASSETS	39,809	35,859
Capital and reserves		
Share capital	14,162	13,943
Reserves	25,647	21,916
TOTAL EQUITY	39,809	35,859

29. RESERVES

(a) Group

The amounts of the Group's reserves and movements therein are presented in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

29. RESERVES (CONTINUED)

(b) Company

	Share premium	Convertible bonds equity reserve	Share option reserve	Foreign exchange reserves	Accumulated losses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 July 2024	187,196	4,771	20,455	(1,876)	(198,765)	11,781
Loss for the year	–	–	–	–	(13,362)	(13,362)
Other comprehensive income:						
Exchange difference arising on translating of financial statements of the Company	–	–	–	3,023	–	3,023
Total comprehensive expense for the year	–	–	–	3,023	(13,362)	(10,339)
Conversion of convertible bonds	14,703	(4,771)	–	–	–	9,932
Issue of convertible bonds	–	2,648	–	–	–	2,648
Cancelled of share options	–	–	(20,256)	–	20,256	–
Issue of shares	7,894	–	–	–	–	7,894
At 30 June 2025 and 1 July 2025	209,793	2,648	199	1,147	(191,871)	21,916
Loss for the year	–	–	–	–	(14,947)	(14,947)
Other comprehensive expense:						
Exchange difference arising on translating of financial statements of the Company	–	–	–	(3,942)	–	(3,942)
Total comprehensive expense for the year	–	–	–	(3,942)	(14,947)	(18,889)
Conversion of convertible bonds	15,820	(2,118)	–	–	–	13,702
Redemption of convertible bonds	–	(530)	–	–	530	–
Issue of convertible bonds	–	8,918	–	–	–	8,918
At 30 June 2026	225,613	8,918	199	(2,795)	(206,288)	25,647

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

29. RESERVES (CONTINUED)

(c) The nature and purposes of reserve within equity are as follows:

(i) Share premium

Under the Companies Law (as revised) of the Cayman Islands, the share premium account of the Company is distributable to its shareholders, provided that immediately following the date on which the dividend is proposed to be paid, the Company shall be able to pay its debts as they fall due in the ordinary course of business.

(ii) Convertible bonds equity reserve

The convertible bonds equity reserve represents the fair value of the conversion options in the convertible bonds issued.

(iii) Share option reserve

The reserve represents the cumulative amounts charged to profit in respect of employee share option arrangements where the Share Option Deed/Scheme has not yet been settled by means of an award of shares to an individual.

(iv) Other reserve

The other reserve of the Group represents the difference between the total equity of the subsidiaries and the aggregated share capital of the subsidiaries pursuant to the reorganisation where the transfer of the subsidiaries to the Company were satisfied by issue of new shares from the Company and the contribution of substantial shareholder zero coupon rate loan.

(v) Statutory reserve

In accordance with the relevant laws and regulations in the PRC and Articles of Association of the PRC subsidiaries, the subsidiaries are required to appropriate 10% of their annual net profits of the PRC subsidiary, after offsetting any prior years' losses as determined under the PRC accounting standards, to the statutory reserve fund before distributing any net profit. When the balance of the statutory reserve fund reaches 50% of the registered capital of the subsidiary, any further appropriation is at the discretion of shareholders. The statutory reserve fund can be used to offset prior years' losses, if any, and may be capitalised as capital, provided that the remaining balance of the statutory reserve fund after such issue is not less than 25% of registered capital.

(vi) Foreign exchange reserve

Gains/losses arising on retranslating the net assets of foreign operations into presentation currency.

(vii) Accumulated loss

Cumulative net gains and losses recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

30. CAPITAL COMMITMENTS

The Group did not have any capital commitments as at 30 June 2026 and 2025.

31. CONTINGENT LIABILITIES

The Group did not have any contingent liabilities as at 30 June 2026 and 2025.

32. RELATED PARTY TRANSACTIONS

(a) The Group had the following balance with a related company at the end of the reporting period:

	2026	2025
	RMB'000	RMB'000
Amount due to a related company:		
Other payable and accruals – Mega Data Investment Ltd.	4,648	5,592

A director, Mr. Lai, has control over the related company.

(b) Key management personnel emoluments

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including Directors and other key management of the Group. The key management personnel compensations are as follows:

	2026	2025
	RMB'000	RMB'000
Fees	535	489
Salaries, allowance and benefits in kind	2,828	2,709
Pension scheme contributions	783	750
	4,146	3,948

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

33. PARTICULARS OF THE SUBSIDIARIES OF THE COMPANY

Details of the Company's major subsidiaries at 30 June 2026 and 2025 are set out below:

Name of entity	Place of incorporation and form of business structure	Issued and fully paid-up ordinary share capital or registered capital	Percentage of ownership interest/voting power/ profit sharing		Principal activities and principal place of business
			2026	2025	
Indirectly held by the Company					
Smart Raise (Hong Kong) Limited	Hong Kong, Limited liabilities company	HK\$76,087,308 divided into 20,000 ordinary shares	100%	100%	Investment holding, Hong Kong
四川青田傢俱實業有限公司 (Note a) (“Sichuan Greenland”)	The PRC, limited liabilities company	RMB61,000,000	100%	100%	Manufacture and sale of furniture products, the PRC
ITO Express Limited	Hong Kong, Limited liabilities company	HK\$1,000,000 divided into 10,000,000 ordinary shares	100%	100%	Buildout management service, the PRC
Beijing Wannuochi (Note a)	The PRC, limited liabilities company	HK\$150,000	100%	100%	Data centre business, the PRC
Beijing Wannuotong (Note b)	The PRC, limited liabilities company	RMB2,004,050	100% (Note c)	100% (Note c)	Data centre business, the PRC
Shangcheng Smart Home (Dongguan) Co Limited	The PRC, limited liabilities company	RMB2,000,000	51%	51%	Manufacture and sale of furniture products, the PRC
內蒙古皓揚云啟數據科技有限公司	The PRC, limited liabilities company	RMB1,000,000	51%	100%	Dormant
內蒙古皓寬云啟數據科技有限公司	The PRC, limited liabilities company	RMB1,000,000	51%	51%	Dormant
Directly held by the Company					
Smart Raise Holdings Limited	The British Virgin Islands (“BVI”), Limited liabilities company	20,000 ordinary shares of US\$1 each	100%	100%	Investment holding, Hong Kong
Polyqueue Limited	The BVI, Limited liabilities company	110 ordinary shares of US\$1 each	100%	100%	Investment holding, Hong Kong

Notes:

- (a) The subsidiary is wholly foreign owned enterprise with limited liability.
- (b) The subsidiary is wholly owned domestic company with limited liability.
- (c) The Group held 50% of its equity interest. The remaining 50% of interest existed by the virtue of the structured contracts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

34. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Changes in liabilities arising from financing activities

The following table shows the Group's changes in liabilities arising from financing activities during the year:

	Other Borrowing RMB'000	Lease liabilities RMB'000	Liability component of Convertible Bonds RMB'000	Amounts due to a substantial shareholder RMB'000	Total liabilities from financing activities RMB'000
At 1 July 2024	–	11,636	9,444	–	21,080
Changes in cash flows	–	(2,000)	17,348	–	15,348
Non-cash changes					
– Additions	–	388	–	29,081	29,469
– Conversion of convertible bonds	–	–	(11,634)	–	(11,634)
– Less: Amount classified as equity	–	–	(2,648)	(3,855)	(6,503)
– Share-based payment arising from issue of convertible bonds	–	–	1,744	–	1,744
– Interest charged	–	1,270	796	182	2,248
– Exchange realignment	–	–	153	–	153
– Modification of convertible bonds	–	–	1,241	–	1,241
At 30 June 2025 and 1 July 2025	–	11,294	16,444	25,408	53,146
Changes in cash flows	(212)	(2,000)	98,002	–	95,790
Non-cash changes					
– Conversion of convertible bonds	–	–	(13,921)	–	(13,921)
– Less: Amount classified as equity	–	–	(8,918)	–	(8,918)
– Interest charged	212	1,205	2,125	1,291	4,833
– Exchange realignment	–	–	(731)	–	(731)
At 30 June 2026	–	10,499	93,001	26,699	130,199

(b) Major non-cash transaction

Addition of right of use assets for the year ended 30 June 2025 of RMB29,081,000 was financed by a director. For details, please refer to note 25 and announcements of company dated 14 February 2025, 24 February 2025 and 16 May 2025.

35. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 30 September 2026.

FINANCIAL SUMMARY

	For the 18 months ended 30 June 2022 RMB'000	For the 12 months ended 30 June 2023 RMB'000	For the 12 months ended 30 June 2024 RMB'000	For the 12 months ended 30 June 2025 RMB'000	For the 12 months ended 30 June 2026 RMB'000
Revenue	172,511	110,831	57,476	69,445	78,715
Loss for the year	(73,738)	(79,196)	(38,911)	(14,712)	(19,216)
Loss for the year attributable to:					
– Owners of the Company	(73,738)	(79,196)	(38,469)	(13,508)	(19,094)
– Non-controlling interests	–	–	(442)	(1,204)	(122)
Total comprehensive expense for the year	(75,757)	(84,176)	(33,041)	(15,398)	(19,011)
Total comprehensive expense for the year attributable to:					
– Owners of the Company	(75,757)	(84,176)	(32,599)	(14,194)	(18,889)
– Non-controlling interests	–	–	(442)	(1,204)	(122)

	As at 30 June 2022 RMB'000	As at 30 June 2023 RMB'000	As at 30 June 2024 RMB'000	As at 30 June 2025 RMB'000	As at 30 June 2026 RMB'000
Assets and Liabilities					
Total assets	269,810	174,081	89,164	128,942	210,647
Total liabilities	(141,889)	(126,732)	(68,829)	(93,749)	(171,626)
Non-controlling interests	–	–	(538)	666	788
Equity attributable to owners of the Company	127,921	47,349	19,797	35,859	39,809

The summary above does not form part of the audited consolidated financial statements.