

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

ENVIRONMENTAL, SOCIAL
AND GOVERNANCE REPORT

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ABOUT THIS REPORT

Zhi Sheng Group Holdings Limited ("**Zhi Sheng**" or the "**Company**"), together with its subsidiaries (the "**Group**"), is pleased to present this environmental, social and governance ("**ESG**") report (the "**Report**") which provides an overview of the Group's sustainable development management initiatives, responses to material issues, and environmental and social performance during the Reporting Period.

Both English and Chinese versions of the Report are available on the Company's website at www.qtbqjj.com. If there is any inconsistency or conflict, the Chinese version shall prevail. For details of the corporate governance section, please refer to the Group's Annual Report 2025/26.

This Report covers the twelve months from 1 July 2025 to 30 June 2026 (the "**Reporting Period**"), and provides a true and objective disclosure of the effectiveness and quantitative performance of the Group's ESG initiatives during the Period.

ESG GOVERNANCE

Board's oversight of ESG issues

The board of directors (the "**Board**") serves as the highest oversight and decision-making body for the Group's ESG matters, bearing full responsibility for formulating the ESG strategy, assessing material risks, approving annual targets and overseeing performance, thereby steering the Group's overall sustainable development framework. During the Reporting Period, the Board, in conjunction with senior management, continuously assessed ESG-related risks and opportunities arising from macroeconomic policies, industry trends, and changes in the operational landscape, while coordinating resource allocation and driving the implementation of various sustainable development initiatives.

To implement refined ESG management and closed-loop control, the Group has established a dedicated ESG working group with explicit authorisation from the Board. This working group is primarily responsible for monitoring the progress of ESG initiatives across various business segments, coordinating responses to material issues, facilitating cross-departmental collaboration, and conducting performance reviews and system optimisation, thereby ensuring that ESG management is advanced in a normalised, standardised and institutionalised manner.

MANAGEMENT APPROACH AND STRATEGY FOR MATERIAL ESG-RELATED ISSUES

An annual ESG materiality assessment mechanism has been established to dynamically identify and update material ESG issues through multifaceted approaches such as stakeholder surveys, industry benchmarking and internal risk reviews, hence, the annual priorities can be adjusted in alignment with its business development plans. Concurrently, the Group strengthens two-way internal and external communication to encourage stakeholders, including all employees, suppliers and customers, to actively engage in its sustainable development initiatives, thereby fostering a mutually beneficial sustainable development ecosystem.

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BOARD REVIEW PROGRESS AGAINST ESG-RELATED GOALS AND TARGETS

The Group attaches great importance to the implementation and ongoing review of its ESG targets, strengthening communication and engagement with key stakeholders, including employees and business partners, to ensure that all ESG metrics and management objectives are effectively cascaded and embedded across all business segments and operational roles. In recent years, the Group has continuously enhanced company-wide sustainability awareness and deepened collaboration with industry partners, including customers and suppliers, thereby consolidating the foundation for the implementation of ESG management and driving the continuous enhancement of the Group's sustainable development capabilities.

REPORTING APPROACH

Reporting scope

The Group's business is principally divided into two operating segments, namely the furniture business segment and the data centre business segment. The Furniture business segment comprises Sichuan Greenland Furniture Co., Limited (including the Wenjiang District factory) (hereinafter referred to as "**Sichuan Greenland**") and Shangcheng Smart Home (Dongguan) Co., Ltd. (hereinafter referred to as "**Shangcheng Smart**"). The principal operating entity of the data centre business segment is Beijing Wannuotong Technology Company Limited (北京萬諾通科技有限公司) (a subsidiary of Polyqueue Limited) (hereinafter referred to as "**WNT**"). The Group's data centre project under preparation in Inner Mongolia remains in the preliminary preparation stage and has not commenced substantive business operations, and is therefore not included in the scope of disclosure for this Report.

Preparation basis

This Report has been prepared in strict accordance with the Environmental, Social and Governance Reporting Guide set out in Appendix 20 to the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited, and fully complies with the "comply or explain" provisions, ensuring that the disclosures are true, accurate, complete and representative.

The Group continues to optimise its ESG data monitoring, collection and archiving mechanisms, standardise the calculation methodologies for key performance indicators, and steadily enhance the accuracy and professionalism of the disclosed data year on year. The Report is published in both Chinese and English. In the event of any discrepancy between the two versions, the Chinese version shall prevail.

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Reporting principles

During the preparation process, the Group adheres to the fundamental reporting principles outlined in the ESG Reporting Guide.

Materiality	Quantitative
We performed a materiality review based on peer review and stakeholder engagement which has determined the material ESG aspects to the Group and guided the focus of the Report.	We compared the year to year environmental and social data and discussed with the management of the business on its implications.
Balance	Consistency
The Board had reviewed the Report and confirmed that it had not omitted any information related to material ESG topics. This Report had been prepared without bias.	The Group adopted consistent approach on environmental and social data treatment to allow a fair comparison of performance on different aspects over time.

Contact information

The Group welcomes your feedback and suggestions on this Report and its sustainability initiatives. Please contact us through email at admin@qtbgj.com.

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STAKEHOLDERS ENGAGEMENT

The Group fully recognises that sustainable development is inseparable from the support and collaborative efforts of all stakeholders, and has consistently incorporated stakeholder communication and responsiveness to their needs into its day-to-day ESG management. It has established regularised, multi-dimensional engagement mechanisms to promptly listen to, respond to, and act on the legitimate concerns of stakeholders.

Stakeholders	Issues of concern	Engagement channels
Government	- Compliant operations - Environmental protection, energy conservation and emission reduction - Driving regional employment and economic development	- Routine supervisory inspections and on-site visits - Policy dialogue and regulatory filing - Regular data submission and information disclosure
Shareholders and Investors	- Return on investment - Transparent disclosure of information - Corporate risk management and control and sustainable development capabilities	- General meetings and investor communication meetings - Annual Reports, announcements and official information releases - Corporate website, hotline and email enquiry channels
Employees	- Protection of labour rights and interests - Career development and skill enhancement opportunities - Occupational health and safety and workplace well-being - Data security and privacy protection	- Internal emails, announcements and instant communication tools - Training seminars, team activities and symposiums - Internal feedback and complaint handling mechanisms
Customers	- Product quality and safety assurance - Service stability and information transparency - Data security and privacy protection	- Website, brochures and annual reports - Customer hotline, email correspondence and after-sales services - Customer satisfaction surveys and feedback collection
Suppliers/Business Partners	- Fair cooperation and stable partnerships - Open and transparent tendering and procurement mechanisms - Environmental and social compliance management and control - Joint prevention and management of industry risks	- Regular business meetings and dedicated supplier communications - Supplier reviews, on-site visits and annual assessments - Tendering process, standardised cooperation norms and contractual constraints
Public and communities	- Community investment and fulfilment of social responsibility - Environmentally friendly operations and protection of the surrounding ecosystem - Building corporate social image	- Employee volunteer services and charitable activities - Community care and charitable donations - Public information disclosure and community engagement

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A. ENVIRONMENTAL ASPECTS

The Group consistently upholds the principle of green and sustainable development and strictly complies with relevant national laws and regulations on environmental protection. Environmental management is integrated throughout the entire process of production operations and logistics management, with continuous efforts to advance energy conservation and emission reduction, pollution treatment, and efficient resource utilisation. During the Reporting Period, there were no material environmental non-compliance incidents involving the Group. The Group continuously implemented rectifications and improvements to address shortcomings in operational management, iteratively refined its end-to-end green operations management and control system, consolidated its foundation for environmentally compliant operations, thereby steadily implementing the ESG management targets and development requirements set by the Board.

A1. Emissions

- **Furniture Business Segment**

The operating entities of the Group's furniture segment are Sichuan Greenland Furniture Co., Limited and Shangcheng Smart Home (Dongguan) Co., Ltd. In strict accordance with pollutant discharge permits and national environmental protection laws and regulations, these entities systematically manage the discharge of air pollutants, wastewater and solid waste, and implement an end-to-end pollution prevention and control mechanism.

Sichuan Greenland holds ISO14001 environmental management system certification and multiple green product certifications, and maintains a standardised and mature environmental management system. Shangcheng Smart is primarily engaged in the manufacturing of upholstered furniture, and is not subject to mandatory environmental impact assessment management pursuant to the relevant provisions of the "Catalogue for the Classified Management of Environmental Impacts of Construction Projects (2021 Edition)" (《建設項目環境影響分類管理名錄（2021年版）》). Adhering to the principle of high-standard environmental protection operations, the Group proactively implements various pollution prevention and control measures to prevent environmental pollution and ecological impact at source.

Sichuan Greenland permanently ceased the operation of its on-site painting workshop in the prior reporting period, with the relevant painting processes outsourced to external vendors. Shangcheng Smart does not have any painting processes in its own production facilities. Consequently, during the Reporting Period and the comparative period, the Group generated no volatile organic compounds (VOCs) or corresponding hazardous waste arising from painting processes, significantly optimising the emission profile of its production facilities.

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During the Reporting Period, the Group routinely engaged qualified third-party agencies to conduct dedicated environmental monitoring. Through measures including the stable operation of on-site dust removal equipment, standardised management of production areas, and classified disposal of solid waste, the emission levels of dust and various pollutants could be controlled strictly. In terms of logistics, the Group optimised the energy mix of its fleet by replacing traditional fuel vehicles with electric eco-friendly vehicles, and centralised the outsourcing of large-scale freight delivery to professional logistics providers, thereby effectively reducing the environmental emission burden of its in-house transportation operations.

- **Data Centre Business Segment**

The operating entity of our data centre business segment refers to Beijing Wannuotong Technology Company Limited (北京萬諾通科技有限公司). The segment's business primarily comprises equipment hosting and operation and maintenance services. Its day-to-day operations involve no industrial production processes, generate no industrial pollutants, and incur no corresponding industrial environmental compliance costs. Greenhouse gas (GHG) emissions from this segment are primarily derived from back-office electricity consumption and daily office water consumption.

The Group leases the premises, fundamental computer room units, power supply and cooling equipment for its data centre operations from the landlord. The lease agreement with the landlord adopts a bundled billing model comprising site rent, infrastructure usage fees and overall electricity consumption of the units. The landlord has not separated or provided detailed data on the independent power consumption, energy consumption and GHG emissions of the unit equipment. Given the objective operational constraints that external data cannot be reasonably disaggregated and precise data cannot be obtained at a reasonable cost, this approach complies with the "comply or explain" disclosure principle under the HKEX ESG Reporting Guide and prevailing industry disclosure practices. Accordingly, this Report does not include the ancillary energy consumption and GHG emission data of the data centre units. It only discloses energy consumption and emission data relating to office premises that the Group can independently collate and authentically trace, ensuring that all disclosed data is true, accurate, and verifiable.

During the Reporting Period, the Group's air pollutant emission data and year-on-year changes are as follows, with comparisons made against the performance in the corresponding period of 2025:

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- **Furniture Business Segment**

Air Pollutants	Unit	2026	2025
		(As at 30 June 2026)	(As at 30 June 2025)
Nitrogen oxides (NO _x)	g	2,185.6	2,301.8
Sulfur dioxide (SO _x)	g	63.6	65.2
Particulate matter (PM)	g	161.9	170.4

During the Reporting Period, the Group comprehensively implemented emission reduction management and control across its facility operations. It focused on the refined management of production support and outbound transportation, reducing pollutant emissions through a dual approach of standardised management of production areas and optimised scheduling of outbound vehicles. Total air pollutant emissions for the current period decreased by 5.0% year-on-year, exceeding the previous year's management target of maintaining flat emissions. The Group operates in the light manufacturing industry and has no heavy industrial processes with continuous high-concentration emissions. Historical third-party environmental monitoring results indicate that the emission concentrations of various air pollutants at the facility boundaries have consistently remained below national and local statutory emission limits, achieving full-year compliance with no records of exceedance. This Report maintains disclosure standards consistent with previous years, focusing on total annual pollutant emissions and year-on-year trends as core disclosures, thereby presenting the effectiveness of the Group's annual emission reduction efforts in an objective and consistent manner.

Looking ahead to the next reporting period, the Group has set a management target to reduce air pollutant emissions by 6% year-on-year. It will further explore emission reduction potential by focusing on the optimisation of production processes and refined management of facility areas, and consolidate existing low-carbon governance achievements. Meanwhile, differentiated management and control measures will be implemented for production operations and logistics transportation to comprehensively reduce pollutant emissions and continuously enhance the Group's green emission reduction performance.

- **Data Centre Business Segment**

As stated above, given the nature of its service-oriented business, the data centre segment does not directly generate industrial pollutants in its day-to-day operations.

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GHG Emissions

The Group's GHG emissions primarily arise from energy consumption in production and office operations. With energy conservation and consumption reduction as its core focus, the Group has established mechanisms for tracking, collating and reviewing energy consumption, standardised the accounting and management of Scope 1 direct emissions and Scope 2 indirect emissions, and continuously optimised its carbon footprint performance.

The GHG emissions during the Reporting Period were as follows:

- Furniture Business Segment**

GHG Emission	Unit	2026	2025
		(As at 30 June 2026)	(As at 30 June 2025)
Scope 1 ¹	tonnes of CO ₂ -e	11.7	12.0
Scope 2 ²	tonnes of CO ₂ -e	351.7	285.5
Total GHG emission	tonnes of CO₂-e	363.4	297.5
GHG emission intensity	tonnes of CO ₂ -e/unit of production	7.29	7.78

¹ Scope 1: Direct emissions from sources that are owned or controlled by the Company

² Scope 2: Indirect emissions from the purchased electricity consumed by the Company

During the Reporting Period, total GHG emissions from the furniture segment increased by 22.2% year-on-year, while GHG emission intensity decreased by 6.3% year-on-year. Overall carbon efficiency continued to improve, exceeding the previous year's target of a 3% year-on-year reduction in greenhouse gas emission intensity. The specific reasons for the changes in these indicators are as follows:

- (i) The Group continued to implement a range of low-carbon emission reduction initiatives. By optimising its in-house fleet structure, replacing traditional diesel vehicles with electric trucks, promoting remote conferencing, and prioritising high-speed trains for business travel, the Group effectively reduced fuel consumption, keeping Scope 1 direct GHG emissions stable with a slight decline;
- (ii) Driven by the growth in business orders for Sichuan Greenland and Shangcheng Smart and the expansion of overall production scale, electricity demand in the production processes increased correspondingly. The higher consumption of purchased electricity drove an increase in Scope 2 indirect emissions and total GHG emissions for the current period;

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- (iii) During the current period, Shangcheng Smart's upholstered furniture business experienced rapid growth, with its share of sales surpassing that of Sichuan Greenland. As upholstered furniture requires relatively less electricity consumption per unit of output value, this effectively lowered the segment's overall carbon emissions per unit of output value. Consequently, GHG emission intensity decreased year-on-year, achieving continuous improvement in carbon emission efficiency.

For the next reporting period, a management target has been set for the furniture segment to reduce GHG emission intensity by more than 5% year-on-year. It will continue to advance energy conservation and emission reduction upgrades to further enhance the efficiency of its green operations.

- **Data Centre Business Segment**

GHG Emission	Unit	2026	2025
		(As at 30 June 2026)	(As at 30 June 2025)
Scope 1 ¹	tonnes of CO ₂ -e	N/A	N/A
Scope 2 ²	tonnes of CO ₂ -e	5.10	5.53
Total GHG emission	tonnes of CO₂-e	5.10	5.53
GHG emission intensity	tonnes of CO ₂ -e/unit of production	N/A	N/A

Please refer to page 9 for the definition of Scope 1 and Scope 2.

The data centre segment has no company-owned vehicles and consumes no fuel; accordingly, Scope 1 emissions are N/A. All carbon emissions are derived from office electricity consumption. Carbon dioxide emissions decreased slightly from 5.53 tonnes in the previous reporting period to 5.10 tonnes in the current period, representing a year-on-year decrease of 7.8%. This successfully achieved the previous year's emission reduction target of 3%, primarily driven by measures such as office energy conservation management and the optimisation of electricity usage.

For the next reporting period, a target has been set for the data centre segment to reduce total carbon emissions by 5% year-on-year and the energy conservation management will be enhanced continuously.

Hazardous Waste and Non-Hazardous Waste

The Group's waste is primarily generated by the furniture production segment. In strict accordance with national solid waste management laws and regulations, the Group implements a closed-loop management system encompassing classified storage, professional disposal and ledger recording. It categorises waste into hazardous waste, general solid waste from production and domestic waste, and applies differentiated management and control mechanisms. The data centre segment generates only a small amount of office domestic waste and no industrial waste.

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- **Furniture Business Segment**

Regarding hazardous waste, the Group completely ceased on-site paint production and related painting processes in the previous reporting period. No hazardous waste of any kind, including paint waste, waste solvents, waste paint barrels or waste activated carbon, was generated in either the current period or the corresponding period last year. The total amount of hazardous waste remained at zero, thereby eliminating environmental pollution and safety risks associated with painting processes at source. The Group strictly complies with the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes (《中華人民共和國固體廢物污染環境防治法》) and rigorously implements a whole-process management system for hazardous waste. It has established a standardised closed-loop mechanism for ledger recording, classified storage and professional disposal. Should any hazardous waste be generated in subsequent operations, it will be entirely entrusted to duly qualified third-party agencies for unified and standardised disposal, firmly safeguarding the baseline of environmental compliance.

Non-hazardous solid waste primarily comprises production by-products such as waste boards, sawdust, sponge offcuts and packaging materials, as well as domestic waste generated by employees. Dedicated zoned storage areas for solid waste have been established at the production facilities, where classified stockpiling, centralised collection and resource recovery are implemented. Domestic waste is uniformly collected and disposed of by the local municipal sanitation department.

During the Reporting Period, the furniture segment generated approximately 224.6 tonnes of non-hazardous waste, representing a year-on-year increase of 37.8%. This was primarily attributable to the expansion of business scale and a substantial increase in the sales proportion of upholstered furniture during the current period. The production of such upholstered furniture inherently generates a relatively higher volume of general solid waste, such as sponge and fabric offcuts. This represents an objective increase driven by business growth rather than any negligence in management and control. As stated above, the Group has completely ceased on-site paint production processes and generated no hazardous waste throughout the year, thereby maintaining zero environmental risk associated with solid waste.

The Group did not achieve the 5% waste reduction target set in the previous year. In response to this shortfall, the Group has completed a dedicated management review. The previous waste reduction target was established based on the traditional product structure of non-upholstered furniture, without fully factoring in the changes in solid waste characteristics resulting from the robust growth of the upholstered furniture business during the current period. Consequently, the target was not dynamically optimised in a timely manner. Meanwhile, the increase in material consumption driven by the growth in new orders offset the effectiveness of day-to-day waste reduction management and control in the short term. To address these issues, the Group has implemented a closed-loop rectification and optimisation mechanism. Going forward, it will dynamically adjust its annual waste reduction targets to align with changes in the product structure, while simultaneously advancing measures such as process optimisation, precise material requisition and the recovery and reuse of offcuts, to continuously reduce the volume of solid waste generated per unit of output value. In terms of resource recovery, the Group has established and

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refined a classified recycling mechanism for solid waste. Recyclable solid waste generated from production, such as waste boards, sawdust and most packaging offcuts, is entrusted to partnering resource recovery agencies for unified recycling and reuse. Only non-recyclable domestic waste is handed over to the sanitation department for collection and disposal. During the current period, the overall recovery and utilisation rate for general solid waste from production remained at a satisfactory level, effectively fulfilling the management objectives of circular waste reduction and efficient resource utilisation.

For the next reporting period, the Group has set a target to reduce the generation of general solid waste by 3% year-on-year, aiming to steadily enhance resource utilisation efficiency through refined, whole-process waste reduction management and control.

- **Data Centre Business Segment**

This segment involves no industrial production activities and generates no hazardous waste. It generates only a small amount of office domestic waste in its daily operations. The Group strictly implements a waste classification system and entrusts the waste to the municipal sanitation department for standardised disposal, posing no risk of environmental pollution.

A2. Use of resources

Resource utilisation efficiency is a key instrument in the Group's environmental management, energy conservation and emission reduction, and control of indirect GHG emissions, and is critical to optimising its low-carbon operating model and reducing its environmental footprint. The Group attaches great importance to the efficient utilisation of resources throughout its production and office operations. It has formulated dedicated management systems and annual control targets for energy, water, and material conservation, and incorporated refined resource management and control into daily operational assessments. With refined control as the core focus, the Group comprehensively reduces ineffective resource consumption and enhances resource output efficiency across the entire process, effectively lowering operational resource dependence and carbon emission pressure, and promoting the continuous improvement of its intensive resource management system.

The Group comprehensively promotes the concepts of green production and low-carbon office working, and implements various routine conservation and control measures. These include posting energy-saving reminders in work areas, powering off equipment when unmanned, standardising air conditioning temperature controls, rectifying water leaks, implementing refined material requisition and establishing mechanisms for offcut recycling, thereby comprehensively reducing ineffective resource consumption. Simultaneously, the Group scientifically optimises the operation scheduling of production equipment and coordinates the staggered and coordinated operation of multiple units to reduce the idling energy consumption of the central dust collection system, significantly enhancing equipment operating efficiency and overall resource utilisation. Combined with dynamic reviews and optimisation against annual resource control targets, the Group has established an energy and consumption reduction mechanism involving all employees and covering the entire process, driving steady improvements in resource utilisation efficiency.

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Energy

During the Reporting Period, the energy consumption of the Group was summarised in the table below.

- Furniture Business Segment*

Energy Usage	Unit	Usage		Density Per unit of production in million	
		2026	2025	2026	2025
		(As at 30 June 2026)	(As at 30 June 2025)	(As at 30 June 2026)	(As at 30 June 2025)
Purchased electricity	MWh	541.11	439.23	10.85	11.48
Petrol	Litre	4,097.49	4,235.94	82.15	110.72
Diesel	Litre	210.66	184.45	4.22	4.82

During the Reporting Period, the overall energy consumption intensity of the furniture segment was comprehensively optimised, exceeding the previous year's target of a 3% reduction. The total amount of purchased electricity increased by 23.2% year-on-year due to the expansion of production scale, but energy consumption intensity decreased by 5.5% year-on-year, benefiting from energy-saving upgrades and the increased sales proportion of low-energy-consuming products. Petrol consumption and intensity decreased by 3.3% and 25.8% respectively, reflecting the effectiveness of low-carbon travel and fleet optimisation. Diesel was used solely for forklift operations within the facilities; while the total volume increased slightly with capacity expansion, energy consumption intensity decreased by 12.4%, indicating a significant improvement in equipment operating efficiency. For the next reporting period, the Group has set a target to reduce overall energy consumption intensity by more than 5% year-on-year.

- Data Centre Business Segment*

Energy Usage	Unit	Usage	
		2026	2025
		(As at 30 June 2026)	(As at 30 June 2025)
Purchased electricity	MWh	7.85	8.50
Petrol	Litre	N/A	N/A
Diesel	Litre	N/A	N/A

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During the Reporting Period, office electricity consumption in the data centre segment decreased by 7.6% year-on-year, successfully achieving the energy conservation target. As stated above, due to the bundled electricity billing mechanism under the lease agreement, WNT is unable to disaggregate the independent energy consumption of the units, and therefore does not calculate energy consumption intensity. In addition, WNT has no self-owned vehicles and consumes no fuel. For the next reporting period, an energy conservation target to reduce electricity consumption by 5% year-on-year will continue to be set.

Water

During the Reporting Period, water consumption of the Group was as follows:

- Furniture Business Segment*

Water	Unit	2026 (As at 30 June 2026)	2025 (As at 30 June 2025)
Total water consumption	m ³	8,909.00	7,763.00
Water consumption intensity	m ³ /unit of production in million	178.61	202.92

During the Reporting Period, total water consumption in the furniture segment increased by 14.8% year-on-year, while water consumption intensity decreased by 12.0% year-on-year, exceeding the previous year's target of a 5% reduction in intensity and demonstrating continuous improvement in resource utilisation efficiency. The water supply to the production facilities is stable, with no risk of resource shortage. For the next reporting period, a management target to reduce water consumption intensity by 3% year-on-year has been set.

- Data Centre Business Segment*

Water	Unit	2026 (As at 30 June 2026)	2025 (As at 30 June 2025)
Total water consumption	m ³	2.12	2.30
Water consumption intensity	m ³ /unit of production in million	N/A	N/A

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Total water consumption in the data centre segment for the current period was 2.12 cubic metres (compared to 2.30 cubic metres in last year). The scale of water consumption is minimal and is used solely for daily office purposes, with no water used for production; therefore, water consumption intensity is not calculated. The segment maintains a management target of low and stable water consumption and continues to implement water conservation measures.

Packaging Materials

Packaging materials are primarily used for the protection, packaging and logistics of furniture products. The data centre segment consumes no packaging materials.

- Furniture Business Segment*

During the Reporting Period, the breakdown of packaging materials usage was as follows:

	Quantity (piece)		Density piece/cost of production in million	
	2026 (As at 30 June 2026)	2025 (As at 30 June 2025)	2026 (As at 30 June 2026)	2025 (As at 30 June 2025)
Packaging Materials				
Woven bags	44,603	34,082	894.22	890.88
Corner articles	19,111	16,465	383.14	430.38
Binding rolls (bundling materials)	14,450	10,770	289.70	281.52
Cardboard boxes	78,944	54,873	1,582.71	1,434.34

During the current period, the usage and intensity of most packaging materials in the furniture segment increased year-on-year, failing to achieve the previous year's management target of a 3% reduction in packaging consumables. The core reason is the substantial growth in overall order scale and the significant increase in the sales proportion of upholstered furniture products during the current period. Unlike traditional non-upholstered furniture, upholstered furniture features soft sponge and fabric components that are prone to compression, deformation and surface abrasion. During domestic long-distance warehousing, distribution and multi-batch transshipment, higher standards are required for product protection, moisture prevention and shock absorption. This necessitates more meticulous split packaging and multi-layer protective packaging solutions, directly driving an inherent increase in the overall consumption of packaging materials. This represents an objective incremental change resulting from business scale expansion and product structure iteration. During the current period, only the intensity of offcut materials achieved a year-on-year decrease, which was attributable to the routine management and control of refined material requisition and the recycling and reuse of offcuts at the facilities. In response to the failure to meet the target during the current

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period, the Group has completed a dedicated review to address shortcomings in packaging consumption reduction management and implemented a series of targeted improvement measures. Going forward, it will optimise the tiered product packaging system, customise differentiated packaging solutions for domestic sales, export sales and different product types, and eliminate over-packaging. It will continue to promote the eco-friendly and lightweight transformation of packaging materials, and test and introduce degradable and recyclable eco-friendly alternative materials. Meanwhile, it will improve the closed-loop mechanism for the requisition, write-off and inventory of packaging materials, strengthen the precise management and control of consumables at the production end, and further enhance the comprehensive utilisation rate of materials.

For the next reporting period, the Group has set a clear management target for the reduction of packaging materials, aiming to continuously reduce the intensity of packaging consumables per unit of output value, achieve a dual balance between business growth and resource conservation, and complete the closed-loop management of annual consumption reduction.

Data Centre Business Segment

Due to the nature of its service-oriented business, the data centre segment did not use any packaging materials during the current period.

A3. The environment and natural resources

The Group attaches great importance to the protection of natural resources and the preservation of the ecological environment. It regularly conducts environmental risk assessments of its operations and implements green management throughout the entire chain of raw material procurement, production operations, and pollution prevention and control, minimising the negative impact of business operations on the natural environment and ensuring full-process compliance and controllability of operations.

Source of raw materials

As a furniture manufacturing enterprise, the Group mainly uses eco-friendly engineered wood panels as the core raw materials in its production. To uphold the concept of forest protection and reduce the environmental footprint of procurement and production processes, the Group strictly regulates its raw material procurement mechanism, procuring wood-based raw materials only from suppliers that hold compliant qualifications and meet national and local regulatory requirements.

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The Group adheres to the principle of green procurement and has established strict supplier selection and evaluation standards. It requires cooperating suppliers to provide supporting documents such as environmental management system certification, product environmental testing reports, and quality management certification as the basis for admission and continued cooperation, thereby controlling the environmental quality of raw materials at source and reducing environmental risks in the supply chain. Meanwhile, a strict verification process is implemented before raw materials are warehoused to ensure that all incoming materials are compliant, environmentally friendly, and meet the required standards. For details on raw material and supplier management, please refer to Section B5 "Supply Chain Management" of this Report.

Enhancement and training on environmental awareness

To continuously optimise the implementation effectiveness of the environmental management system, the Group regularly organises environmental management training for all employees, covering environmental protection laws and regulations, internal management systems, energy conservation and emission reduction techniques, and pollution prevention and control standards. This continuously enhances employees' awareness of green operations and promotes the integration of energy, water and material conservation and waste reduction concepts into the daily work of all positions, ensuring the efficient operation and continuous optimisation of the environmental management system. These efforts reduce pollutant generation and resource consumption at source, steadily improve the level of green operations, and support the orderly achievement of the Group's various environmental management and control targets.

Air pollutant control and noise control

The Group strictly controls the discharge of various pollutants in the furniture business segment, engaging qualified third-party professional agencies to conduct annual monitoring of air pollutants and noise at the facilities. During the Reporting Period, all monitoring indicators complied with national and local emission standards, demonstrating stable management and control effectiveness. Sichuan Greenland completely ceased the painting process in the prior reporting period, entirely preventing the generation of related hazardous gases and hazardous waste. In addition, pursuant to the relevant provisions of the Pollutant Discharge Permit, the Group is not required to conduct mandatory third-party testing of domestic wastewater, nevertheless, the Group has always strictly implemented pollutant discharge management in compliance with the approved matters of the Pollutant Discharge Permit and environmental protection regulations, ensuring full-process compliance in operations.

Shangcheng Smart is primarily engaged in the manufacturing of upholstered furniture, has no painting processes, and maintains a solid foundation for environmentally friendly operations. Pursuant to the relevant provisions of the Catalogue for the Classified Management of Environmental Impacts of Construction Projects (2021 Edition) (《建設項目環境影響分類管理名錄(2021年版)》), it falls within the category of enterprises not subject to environmental impact assessment management. Despite the absence of mandatory environmental impact assessment requirements, Shangcheng Smart proactively implements various environmental protection measures, comprehensively preventing environmental pollution and ecological impact in its operations and steadily practising the concepts of compliant and green operations.

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A4. Climate change

With reference to the HKEX GEM ESG Disclosure Guide and the core disclosure principles of the TCFD, the Group has integrated climate change risks and development opportunities into its overall enterprise risk management and sustainable development system. Considering the business nature of its furniture manufacturing and data centre operations, the Group has systematically identified short-term physical climate risks and long-term low-carbon transition risks, completed the assessment of the probability of occurrence, impact level and operational impact of these risks, and established supporting regular prevention and control mechanisms and long-term low-carbon optimisation directions, so as to continuously strengthen the Company's climate risk resilience and green operational resilience.

The Group classifies climate-related risks into two major categories: physical risks and transition risks, and has completed an internal risk level assessment. First, for the short-term physical risks, the probability of occurrence of extreme weather such as extreme high temperatures and heavy rainfall is medium, and its impact level is medium to high, which may cause short-term disruptions to production equipment, warehoused materials, and daily operations at the facilities, resulting in operational impacts such as materials becoming damp and short-term equipment abnormalities. Second, for the long-term transition risks, as the domestic "Dual Carbon" policies continue to tighten, green compliance standards in the industry evolve, and market demand for low-carbon products intensifies, the associated policy and market constraints are steadily increasing. This risk has a high probability of occurrence and a moderate level of impact, and will exert a profound influence on the Group's production management, resource utilisation and market competitiveness over the long term. Meanwhile, the low-carbon transition also brings the Group sustainable development opportunities in green process optimisation, efficient resource utilisation and green product upgrades.

The Group implements a management model of tiered response and proactive prevention for the identified climate risk levels. In response to the physical risks posed by extreme weather, the Group has established a regular follow-up mechanism for meteorological warnings, proactively conducting hazard inspections and protection optimisation for facility drainage, roof waterproofing, electrical equipment and warehousing areas. Furthermore, it has improved extreme weather emergency response plans and material reserves, and implemented a company-wide inspection mechanism to minimise the negative impact of extreme weather on production and operations and ensure continuous and stable operations.

In response to long-term low-carbon transition risks, the Group has established the long-term low-carbon transition management direction and phased optimisation plans by adhering to the green and sustainable development path. In daily operations, it continuously strengthens the refined management of energy, water and material conservation, steadily reducing resource consumption and carbon emission levels per unit of output value. Simultaneously, it advances green initiatives such as production process optimisation, lightweight transformation of packaging materials and recycling of production offcuts. By dynamically adapting to the evolving dual-carbon policy landscape, the Group is enhancing its long-term low-carbon operational framework and reinforcing its underlying climate risk resilience. Going forward, the Group will dynamically follow up on the iteration of "Dual Carbon" policies and industry disclosure standards, regularly review the effectiveness of climate risk control and seize green transition opportunities, aiming to achieve a virtuous balance between stable enterprise operations and long-term sustainable development.

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B. SOCIAL ASPECTS

EMPLOYMENT AND LABOUR PRACTICES

The Group upholds a people-oriented core philosophy and regards employees as the core driving force for its sustainable development. Comprehensive work support and development conditions have been provided to employees, empowering them to excel in their roles and grow alongside the Company.

The Group strictly complies with all applicable labour laws and regulations and has established a standardised, fair, and inclusive employment management system. Comprehensive employment management policies are codified in the Employee Handbook, covering recruitment and appointment, remuneration and benefits, performance and promotion, separation management, equal opportunity employment and anti-discrimination. These policies are regularly reviewed and optimised to continuously enhance the standardisation of labour management.

B1. Employment

The Group strictly abides by the Labour Law of the People's Republic of China and the Labour Contract Law of the People's Republic of China in its employment management, fostering harmonious and stable labour relations and providing employees with a fair, stable and comfortable working environment.

During the Reporting Period, the Group's employment management was fully compliant, with no labour disputes, labour violations or related complaints recorded.

Promotion and Performance Appraisal

The Group has established a robust performance appraisal and career promotion mechanism, where annual performance evaluation results serve as the core basis for remuneration adjustments, position promotions, and training and development. The Group prioritises internal promotion to incentivise employees to perform diligently and grow with the Company, ensuring clear pathways for career development.

Employee Composition and Turnover Rate

As at 30 June 2026, the Group had a total of 197 employees (corresponding period in 2025: 191). This comprised 95 employees at Sichuan Greenland and 88 employees at Shangcheng Smart in the furniture segment (corresponding period in 2025: 101 at Sichuan Greenland and 79 at Shangcheng Smart), and 14 employees at WNT in the data centre segment (corresponding period in 2025: 11). The data for both years excludes the six members of the Board at the Hong Kong headquarters. The changes in headcount during the current period were primarily driven by business adjustments and organisational optimisation: Sichuan Greenland optimised post allocation based on operational needs, primarily through natural attrition; Shangcheng Smart supplemented its workforce in line with business expansion; and WNT built a talent pipeline to support long-term development.

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The Group maintains standardised employment practices. During the Reporting Period, all employees were full-time employees. The Group regularly collates and monitors data on employee structure and staff turnover, in a bid to dynamically optimise its human resources management strategies. As at the end of the Reporting Period, the employee composition and turnover rate data categorised by gender, age group, and geographical region are as follows:

Employee Category	Total Workforce (Number/Percentage)		Turnover Rate	
	2026	2025	2026	2025
	(As at 30 June 2026)	(As at 30 June 2025)	(As at 30 June 2026)	(As at 30 June 2025)
By gender				
• Male	139/71%	142/74%	14%	14%
• Female	58/29%	49/26%	3%	23%
Total	197/100%	191/100%	11%	17%
By age group				
• Age 35 or below	26/13.2%	30/16%	19%	27%
• Age 36–45	72/36.5%	66/34%	8%	14%
• Age 46–55	72/36.5%	72/38%	9%	15%
• Age 56 or above	27/13.8%	23/12%	16%	15%
By geographical region				
• Sichuan	92/46.7%	98/51.3%	10%	16%
• Chongqing	3/1.5%	3/1.6%	0%	40%
• Beijing	6/3.0%	4/2.1%	0%	0%
• Shanghai	8/4.1%	7/3.7%	0%	0%
• Guangdong	88/44.7%	79/41.3%	14%	19%

In summary, the Group's overall employee turnover rate decreased from 17% in the previous year to 11% in the current period, which indicated a significant enhancement of the stability of its workforce. Notably, the turnover rate of female employees improved significantly, dropping from 23% to 3%, primarily attributable to the Group's comprehensive workplace care, flexible management mechanisms and equal development platform. The turnover rate of young and middle-aged core staff continued to decline, demonstrating outstanding retention of core talent and consolidating the human resources foundation for the Group's stable business development and implementation of long-term strategies.

The Group continues to optimise its human resources structure, allocating team resources across various locations by adapting to local conditions. It formulates differentiated retention and development plans for employees of different age groups and positions to continuously enhance team cohesion and stability.

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B2. Health and Safety

The Group attaches great importance to employees' occupational health, operational safety, and workplace well-being. In strict compliance with the Work Safety Law, the Law on the Prevention and Control of Occupational Diseases, and other relevant laws and regulations, it continuously improves its workplace safety prevention and control and health protection systems, comprehensively safeguarding employees' occupational rights and physical and mental health. During the Reporting Period, there were no major work safety accidents, serious work-related injury accidents, or cases of occupational diseases in the Group, maintaining a stable and improving trend in safe and compliant operations. The Group has obtained ISO45001 Occupational Health and Safety Management System and ISO14001 Environmental Management System certifications. All management processes comply with international normative standards, ensuring systematic, standardised, and institutionalised management of occupational health and safety.

The Group routinely promotes workplace safety training, emergency education and fire drills. Designed to continuously strengthen the safe operation and emergency response capabilities of all employees, the training covers core areas such as standardised operations, fire prevention and control, and emergency response. During the Reporting Period, the Group strictly implemented occupational health and safety compliance management, prioritising the coverage of safety training. Safety training hours accounted for approximately 50% of the total training hours for employees, effectively enhancing the safety awareness and position-specific risk control capabilities of all staff. Meanwhile, the Group conducted in-depth reviews and closed-loop rectifications of minor safety hazards identified in previous periods, continuously improving workplace safety management mechanisms and plugging management loopholes. As a result, the furniture segment achieved zero work-related injury accidents during the current period.

In light of the production characteristics of the furniture industry, the Group continuously strengthens occupational health protection for frontline employees by means of providing production employees with a full range of personal protective equipment, implementing routine inspections and supervision at the facilities, and standardising on-site operational behaviour. Since the previous reporting period, Sichuan Greenland has permanently ceased the operation of its on-site painting workshop and completely terminated painting processes, thoroughly eliminating the risks of hazardous gases and hazardous waste arising from painting processes. This has significantly optimised the working environment and reduced occupational health hazards for employees at source.

In terms of workplace care and welfare support, the Group values the work-life balance of its employees. The production facilities are equipped with comprehensive logistics facilities, including canteens, sports grounds and employee dormitories, fully satisfying employees' daily living and leisure needs. Multi-dimensional internal communication channels have been established to standardise the mechanism for handling employee requests and feedback, ensuring that employees' opinions are responded to promptly and resolved properly, thereby safeguarding their legitimate rights and interests.

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Adhering to the principles of gender equality and family-friendliness, the Group strictly implements employees' entitlement to various types of leave, including maternity leave and paternity leave, in accordance with the law. A dedicated position-specific care and workload adjustment mechanism has been implemented for pregnant and nursing female employees to foster an inclusive and supportive workplace environment. Meanwhile, the Group routinely carries out workplace public health management and infectious disease prevention and control, implementing measures such as environmental disinfection, health education and material reserves, complemented by employee health check-ups and health education services, comprehensively fortifying workplace health and safety protections.

B3. Development and Training

The Group integrates talent development and employee empowerment into its ESG sustainable development framework. Aligned with the Group's overall development strategy and the career development needs of employees, the Human Resources Department coordinates the formulation of annual training plans and has established a systematic, tiered, and categorised training system covering all employees. Differentiated development mechanisms are implemented for senior and middle management and general staff to match the competency development requirements of different positions. During the Reporting Period, the Group provided a cumulative average of approximately 44 hours of on-the-job training per employee, precisely matching competency requirements to empower talent growth and achieving synchronised progress between human capital value and development of the Group. The Group strictly complies with HKEX GEM disclosure requirements, fully disclosing the annual training coverage rate and average training hours per employee by gender and employee category for the Reporting Period. Training data across all levels is complete and traceable; detailed statistics are set out in the appendix to this section.

For the furniture segment, the Group continues to optimise training content within the production system. Standardised induction training is implemented for new employees to familiarise them with corporate management systems, job responsibilities, and basic safety and environmental regulations, facilitating their rapid integration into their roles. For frontline production staff, the focus is on compliance-specific training in work safety, occupational health, environmental protection, solid waste management and waste classification. This involves in-depth interpretation of industry regulatory standards and relevant national laws and regulations to strengthen employees' operational compliance and risk identification capabilities. Furthermore, through special work safety campaigns, the Group organises all-employee training on hazard investigation, the dual prevention mechanism of risk classification control and hazard investigation and treatment, and emergency response plans. This guides employees to proficiently master position-specific risk control, emergency evacuation, and response procedures for unexpected events. Regular practical drills for environmental accidents and fire emergencies are organised to consolidate training effectiveness and fortify the safety and environmental defences of the production segment.

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For the data centre segment, the Group keeps pace with industry trends in digital intelligence and AI development, customising a dedicated training system focused on four core dimensions: green operations, smart digitalisation, cybersecurity control, and social responsibility. Training content is closely aligned with the industry frontier, covering carbon neutrality development trends and compliance management, the implementation of AI smart operation scenarios, empowerment through digital tools, and circular economy practices. It also covers physical equipment protection in data centres, cybersecurity control, emergency response for unexpected scenarios and business continuity management, while reinforcing data ethics, employee health protection and comprehensive skill enhancement. The Group has established a closed-loop training evaluation mechanism. Upon completion of training sessions, review assessments are conducted to verify implementation effectiveness, continuously iterating and optimising the training system to comprehensively enhance employees' digital intelligence operational capabilities and overall performance standards.

Detailed breakdown of the percentage of employees trained and the average training hours by gender and employee category during the Reporting Period were as follows:

Employees trained		2026 (As at 30 June 2026)	2025 (As at 30 June 2025)
By gender			
• Male		76%	75%
• Female		24%	25%
By employee category			
• Middle to Senior management		18%	17%
• General		82%	83%

Average training hours	Unit	2026 (As at 30 June 2026)	2025 (As at 30 June 2025)
By gender			
• Male	hours per employee	43	42
• Female	hours per employee	45	42
By employee category			
• Middle to Senior management	hours per employee	52	47
• General	hours per employee	42	41

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B4. Labour Standards

The Group strictly complies with national labour laws and regulations, including the Labour Law of the People's Republic of China and the Labour Contract Law of the People's Republic of China. It upholds the principles of lawful, fair and voluntary employment, and standardises employment management throughout the entire process. At employee onboarding stage, the Group implements standardised information verification procedures to ensure that employment is genuine, compliant, and traceable at source.

The Group resolutely eliminates illegal employment practices such as child labour and forced labour, safeguarding the legitimate rights and interests of all employees to voluntary employment and autonomous work. During the Reporting Period, there were no incidents of child labour, forced labour, or non-compliance with relevant labour standards within the Group's operations. Meanwhile, the Group extends its unified labour standards to its suppliers and business cooperation systems, requiring partners to adhere to the same compliant employment principles and jointly build a responsible and standardised industrial operating environment.

OPERATING PRACTICES

B5. Supply Chain Management

The Group attaches great importance to supply chain compliance and green management, identifying and managing environmental and social risks in raw material procurement and outsourcing processes. The main materials procured by the furniture segment include boards, fabrics, leather, hardware and auxiliary materials for furniture production. To optimise the environmental operations of its facilities, the Group permanently ceased the operation of the on-site painting workshop at Sichuan Greenland in the previous reporting period and eliminated on-site painting processes. These processes are now outsourced to compliant domestic subcontractors, thoroughly eliminating the use of paint and related pollution risks at the facilities. During the Reporting Period, the Group continued to optimise the structure of its outsourced and raw material suppliers, implementing dual control requirements for environmental protection and quality.

All of the Group's suppliers are located in mainland China, maintaining a stable and compliant supply system. During the Reporting Period, Shangcheng Smart cooperated with approximately 87 suppliers and subcontractors, while Sichuan Greenland cooperated with approximately 228. The Group has established a standardised supplier admission mechanism. In addition to quality and price reviews, it strictly verifies supplier qualifications, prioritising partners with certifications such as ISO9001 and ISO14001 and a strong awareness of environmental protection and social responsibility. On-site inspections are conducted to assess suppliers' production and management capabilities.

The Group implements an annual supplier review mechanism, conducting regular assessments of supplier quality, compliant operations, and environmental performance to dynamically optimise the supply chain system and maintain long-term, stable, and high-quality partnerships. The Group holds the Five-Star Green Supply Chain Management System Certification and the CQTA Quality Verification Certification, and its overall supply chain management complies with green and high-quality sustainable operating standards.

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B6. Product Responsibility

The Group strictly complies with national laws and regulations such as the Product Quality Law, the Trademark Law, and the Advertising Law. It comprehensively implements the control over product quality and safety, compliant promotion and intellectual property, standardises product life-cycle management, and safeguards customer rights. During the Reporting Period, the Group had no material non-compliance records related to product liability.

The Group continuously improves its quality control and after-sales service systems. By leveraging multiple authoritative certification systems including quality management, green supply chain, eco-friendly products and after-sales service, it consolidates product quality and service standards. The Group has established a dedicated after-sales service team and a standardised response mechanism, which requires that customer inquiries and repair requests should be handled within one working day. Corresponding after-sales guarantees are provided for product issues not caused by improper use, continuously optimising the customer experience. During the Reporting Period, the Group's product quality performance remained stable, with no material product quality complaints received and no product recalls initiated for safety and health reasons.

The Group highly values customer data security and privacy protection, strictly implementing internal confidentiality management systems and standardising the collection, storage and use of personal data. It collects and uses customer information only to the extent necessary for business purposes and strictly restricts data access permissions to eliminate the risk of information leakage. During the Reporting Period, the Group did not experience any material complaints or non-compliance incidents related to customer data and privacy, effectively safeguarding customer data rights.

B7. Anti-Corruption

The Group attaches great importance to integrity in operations and compliance management, incorporating anti-corruption and the elimination of commercial fraud into its ESG governance system. The Group strictly enforces the Code of Business Conduct to regulate employees' business behaviour, strictly prohibiting any form of bribery, transfer of benefits, and improper business conduct. An independent whistleblowing channel and a closed-loop verification mechanism have been established to effectively protect the privacy and rights of whistleblowers. During the Reporting Period, the Group conducted anti-corruption compliance training for management and key positions, with an average training duration of 3.5 hours per person in the furniture segment/ data centre segment, continuously enhancing employees' awareness of integrity, compliance and risk prevention. During the current period, the Group did not experience any incidents of corruption, bribery, fraud or money laundering, maintaining a sound record of integrity and compliance in its operations.

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COMMUNITY

B8. Community Investment

The Group actively fulfils its corporate social responsibility, placing great emphasis on community co-construction and symbiotic coexistence in the localities where it operates. It has established a regular community participation mechanism to deeply respond to the development needs of surrounding communities, incorporating environmental education, public environment maintenance, and grassroots care into the core areas of community investment. During the Reporting Period, the Group focused on employee volunteer services as its core form of public welfare, with no cash donations made for charitable purposes. It focused on low-cost and highly practical community service initiatives to steadily fulfil its social responsibilities. During the current period, a cumulative total of over 68 person-times of employees participated in various community public welfare activities, benefiting residents surrounding the facilities and the wider community. The activities mainly included the maintenance of community public landscaping, cleaning and maintenance of the surrounding public environment, promotion and advocacy of green, low-carbon and energy-saving concepts, and caring for vulnerable groups in the community. Through regular volunteer services, the Group effectively improved the public environment of surrounding communities, promoted the concepts of green living and environmental compliance, bridged the gap between the Company and the local community, built a long-term enterprise-community symbiosis mechanism, cultivated a positive local corporate image, and demonstrated its long-term and steadfast commitment to social responsibility. In the future, the Group will continue to deepen its local community services, diversify the forms of public welfare participation, and expand its positive impact on the community.