

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)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2024

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FINANCIAL RESULTS

The board of Directors of the Company (the “**Board**”) is pleased to announce the unaudited condensed consolidated results of the Group for the six months ended 31 December 2024, together with the comparative unaudited figures for Year 2023 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 31 DECEMBER 2024

		Ended 31 December	
		Six months	Six months
		2024	2023
	Notes	RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Revenue	4	44,631	36,051
Cost of sales		(32,414)	(30,440)
Gross profit		12,217	5,611
Other (loss)/income, net	5	(2,347)	1,602
Selling and distribution expenses		(3,556)	(3,458)
Administrative and other expenses		(7,833)	(8,331)
Impairment loss on assets		(94)	(1,308)
Operating loss		(1,613)	(5,884)
Finance costs	6	(1,258)	(5,501)
Loss before income tax		(2,871)	(11,385)
Income tax (expenses)/credit	7	(21)	–
Loss for the period		(2,892)	(11,385)
Other comprehensive income/ (expenses) for the period after tax:			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		(542)	1,529

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 31 DECEMBER 2024

	<i>Notes</i>	Ended 31 December	
		Six months 2024 RMB'000 (Unaudited)	Six months 2023 RMB'000 (Unaudited)
Total comprehensive expenses for the period		(3,434)	(9,856)
Loss for the period attributable to:			
Owners of the Company		(2,019)	(11,385)
Non-controlling interests		(873)	–
		(2,892)	(11,385)
Total comprehensive expenses for the period attributable to:			
Owners of the Company		(2,561)	(9,856)
Non-controlling interests		(873)	–
		(3,434)	(9,856)
			(Restated)
Loss per share	9		
– Basic and diluted (RMB cents)		(2.15)	(12.55)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

		As at 31 December 2024 RMB'000 (Unaudited)	As at 30 June 2024 RMB'000 (Audited)
	Notes		
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		1,903	2,207
Right-of-use assets		10,818	11,075
Goodwill		20,055	21,073
Total non-current assets		32,776	34,355
Current assets			
Inventories		6,986	13,984
Contract assets		623	676
Trade, lease and other receivables	10	23,946	18,073
Cash and cash equivalents		28,330	22,076
Total current assets		59,885	54,809
Current liabilities			
Contract liabilities		1,996	2,932
Trade and other payables	11	37,170	43,410
Lease liabilities		744	537
Convertible bonds	14	9,134	–
Tax payable		1,387	1,407
Total current liabilities		50,431	48,286
Net current assets		9,454	6,523
Total assets less current liabilities		42,230	40,878

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

		As at 31 December 2024 RMB'000 (Unaudited)	As at 30 June 2024 RMB'000 (Audited)
	<i>Notes</i>		
Non-current liabilities			
Lease liabilities		10,903	11,099
Convertible bonds		–	9,444
Total non-current liabilities		10,903	20,543
NET ASSETS		31,327	20,335
Capital and reserves			
Share capital	13	12,583	8,016
Reserves		19,079	11,781
Equity attributable to the owners of the Company		31,662	19,797
Non-controlling interests		(335)	538
TOTAL EQUITY		31,327	20,335

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31 DECEMBER 2024

	Attributable to owners of the Company										Non-controlling interests	Total
	Share capital	Share premium	Convertible bonds equity reserve	Share option reserve	Other reserve	Statutory reserve	Foreign exchange reserve	Accumulated losses	Total			
	RMB'000	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 2023 (Audited)	8,016	187,196	22,217	20,179	(11,131)	4,758	(16,402)	(167,484)	47,349	–	–	47,349
Loss for the period	–	–	–	–	–	–	–	(11,385)	(11,385)	–	–	(11,385)
Other comprehensive income:												
Exchange difference arising on translating of foreign operations	–	–	–	–	–	–	1,529	–	1,529	–	–	1,529
Total comprehensive expense for the period	–	–	–	–	–	–	1,529	(11,385)	(9,856)	–	–	(9,856)
Recognition of equity-settled share-based payment expense	–	–	–	276	–	–	–	–	276	–	–	276
Transfer to statutory reserves	–	–	–	–	–	–	–	–	–	–	–	–
At 31 December 2023 (Unaudited)	8,016	187,196	22,217	20,455	(11,131)	4,758	(14,873)	(178,869)	37,769	–	–	37,769
At 1 July 2024 (Audited)	8,016	187,196	4,771	20,455	(11,131)	4,758	(10,532)	(183,736)	19,797	538	–	20,335
Loss for the period	–	–	–	–	–	–	–	(2,019)	(2,019)	(873)	–	(2,892)
Other comprehensive income:												
Exchange difference arising on translating of foreign operations	–	–	–	–	–	–	(542)	–	(542)	–	–	(542)
Total comprehensive income/ (expense) for the period	–	–	–	–	–	–	(542)	(2,019)	(2,561)	(873)	–	(3,434)
Issue of shares upon the placing (note 13)	4,225	7,894	–	–	–	–	–	–	12,119	–	–	12,119
Conversion of convertible bonds into shares (note 14)	342	2,919	(954)	–	–	–	–	–	2,307	–	–	2,307
Transfer to statutory reserves	–	–	–	–	–	3	–	(3)	–	–	–	–
At 31 December 2024 (Unaudited)	12,583	198,009	3,817	20,455	(11,131)	4,761	(11,074)	(185,758)	31,662	(335)	–	31,327

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2024

	Ended 31 December	
	Six months 2024	Six months 2023
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Cash flows from operating activities		
Loss before income tax	(2,871)	(11,385)
Adjustments for:		
Depreciation of right-of-use assets	622	1,661
Depreciation of property, plant and equipment	445	410
Loss on write-off and disposal of property, plant and equipment	2	–
Write-down of inventories to net realisable value	(1,270)	(194)
Impairment loss on trade and other receivables	(924)	1,308
Impairment loss on goodwill	1,018	–
Recognition of equity-settled share-based payment expense	–	276
Non-recurring compensatory expenses	1,170	–
Debt extinguishment costs arising from the acceleration of the maturity date of convertible bonds	1,235	–
Bank interest income	(36)	(160)
Interest income from loan receivables	–	(1,497)
Interest income arising from unwinding contract assets with significant financing component	(3)	(1)
Finance costs	1,258	5,501
Operating profit before working capital changes	646	(4,081)
Decrease in inventories	8,268	133
Decrease in contract assets	56	366
(Increase)/decrease in trade and other receivables	(4,949)	12,468
(Decrease) in contract liabilities	(936)	(1,870)
(Decrease) in trade and other payables	(7,410)	(3,024)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2024

	Ended 31 December	
	Six months 2024	Six months 2023
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Cash generated from/used in operations	(4,325)	3,992
Income tax paid	(43)	(6)
Bank interest received	36	160
Net cash generated from/used in operating activities	(4,332)	4,146
Cash flows from investing activities		
Purchase of property, plant and equipment	(145)	(54)
Proceeds from disposal of property, plant and equipment	2	–
Net cash used in/generated from investing activities	(143)	(54)
Cash flows from financing activities		
Proceeds from issue of shares upon the placing, net of transaction costs	12,119	–
Interest paid on convertible bonds	–	(1,131)
Repayment of principal portion of lease liabilities	(352)	(1,817)
Interest paid on lease liabilities	(648)	(111)
Net cash generated from financing activities	11,119	(3,059)
Net (decrease)/increase in cash and cash equivalents	6,644	1,033
Cash and cash equivalents at the beginning of the period	22,076	33,761
Effect of foreign exchange rate changes on cash and cash equivalents	(390)	10
Cash and cash equivalents at the end of the period	28,330	34,804
Analysis of balances of cash and cash equivalents		
Cash and bank balances at the end of the period	28,330	34,804

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2024

1. CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands with limited liability on 4 March 2016. The address of its registered office is Windward 3, Regetta Office Park, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands. Its principal place of business in Hong Kong is at Room 1123, 11/F, Star House, 3 Salisbury Road, Tsim Sha Tsui, Kowloon, Hong Kong and its headquarters is at A401, Moore Car Hui, No.68, Julong Road, Wuhou District, Chengdu City, Sichuan Province, the People's Republic of China (the "PRC").

The Company is an investment holding company and the Group are principally engaged in manufacture and sales of furniture products and data centre business in the PRC.

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

2. BASIS OF PREPARATION

The financial period reported by the Group for the 2024/25 Interim report will cover the six months from 1 July 2024 to 31 December 2024, and the comparable data will cover the six months for the corresponding period in 2023.

The Group's unaudited condensed consolidated financial statements for the six months ended 31 December 2024 and the comparable figures for the corresponding period of last year have not been audited, which have been prepared in accordance with Hong Kong Accounting Standards 34 ("**HKAS 34**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and disclosure provisions under the GEM Listing Rules of the Stock Exchange.

Other than the adoption of the new and revised Hong Kong Financial Reporting Standards ("**HKFRSs**") during the accounting period from 1 July 2024, the basis of preparation and accounting policies adopted in the preparation of such unaudited condensed consolidated financial statements are the same as those followed in the preparation of the audited financial statements of the Group for the year ended 30 June 2024.

The adoption of the new and revised HKFRSs has no material impact on such unaudited condensed consolidated financial statements. The Group did not early adopt the new and revised HKFRSs which had been issued but had not yet entered into force during the current accounting period of the Group.

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

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2024

3. SEGMENT REPORTING

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

For the six months ended 31 December 2024 (the "Reporting Period") and the corresponding period of last year, the Group did not commence new buildout management projects, and therefore 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:

- Manufacture and sale of furniture products segment – manufacture and sale of furniture products in the PRC for selling to the domestic PRC market;
- Data centre segment – data centre business in the PRC and Hong Kong, provide information technology management service in Hong Kong.

(a) Reportable segment revenue and results

	Manufacture and sale of furniture products		Data centre		Total	
	For the six months ended 31 December		For the six months ended 31 December		For the six months ended 31 December	
	2024	2023	2024	2023	2024	2023
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Segment revenue						
Sale of furniture products	35,513	25,055	-	-	35,513	25,055
Information technology management service	-	-	248	247	248	247
Internet access connection service	-	-	63	106	63	106
Data centre operating and security service	-	-	84	85	84	85
Rental of server racks	-	-	8,723	10,558	8,723	10,558
	35,513	25,055	9,118	10,996	44,631	36,051
Segment results	1,007	(5,229)	(825)	(472)	182	(5,701)
Unallocated expenses*					(1,206)	(1,790)
Other (loss)/income, net*					(1,236)	1,496
Interest expense on convertible bonds					(611)	(5,390)
Loss before income tax					(2,871)	(11,385)

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2024

The Group had no inter-segment transactions for the six months ended 31 December 2024 and the corresponding period of last year.

Unallocated expenses during the Reporting Period and the corresponding period of last year mainly include expenses of the Group's office in Hong Kong, while other (loss)/income, net during the Reporting Period and the corresponding period of last year mainly includes the debt extinguishment costs arising from the acceleration of the maturity date of convertible bonds by the Group and the interest income from loan receivables of the Group, respectively, which were not directly attributable to the business activities of any operating segment.

(b) Reportable segment assets and liabilities

	Manufacture and sale of furniture products		Data centre		Total	
	As at	As at	As at	As at	As at	As at
	31 December	30 June	31 December	30 June	31 December	30 June
	2024	2024	2024	2024	2024	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Segment assets	48,334	45,130	31,057	41,895	79,391	87,025
Cash and cash equivalents					12,808	1,858
Unallocated corporate assets					462	281
					92,661	89,164
Segment liabilities	(30,299)	(27,798)	(10,337)	(12,442)	(40,636)	(40,240)
Convertible bonds					(9,134)	(9,444)
Unallocated corporate liabilities					(11,564)	(19,145)
					(61,334)	(68,829)

Segment assets excluded cash and cash equivalents which were held as general working capital of the Group as a whole, and unallocated corporate assets representing the 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 excluded 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 UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2024

(c) Other segment information

	Manufacture and sale of furniture products		Data centre		Unallocated		Total	
	For the six months ended 31 December		For the six months ended 31 December		For the six months ended 31 December		For the six months ended 31 December	
	2024	2023	2024	2023	2024	2023	2024	2023
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Bank interest income	8	16	24	84	4	60	36	160
Interest income from loan receivables	-	-	-	-	-	1,497	-	1,497
Interest income arising from unwinding contract assets with significant financing component	3	1	-	-	-	-	3	1
Interest expense on lease liabilities	646	-	-	111	-	-	646	111
Interest expense on convertible bonds	-	-	-	-	612	5,390	612	5,390
Depreciation of right-of-use assets	622	-	-	1,661	-	-	622	1,661
Depreciation of property, plant and equipment	445	410	-	-	-	-	445	410
Loss on written off and disposal of property, plant and equipment	2	-	-	-	-	-	2	-
Impairment loss on trade and other receivables	(987)	1,114	63	194	-	-	(924)	1,308
Impairment loss on goodwill	-	-	1,018	-	-	-	1,018	-
Addition to property, plant and equipment	145	54	-	-	-	-	145	54
Addition to right-of-use assets	365	-	-	-	-	-	365	-

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2024

(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 in the PRC. Accordingly, the management determines the Group is domiciled in the PRC.

	Ended 31 December	
	Six months	Six months
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue from external customers		
The PRC	44,603	36,023
Hong Kong, the PRC	28	28
	44,631	36,051

The geographical location of revenue allocated is based on the location at which the goods were delivered and the services 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 customers with whom transactions have exceeded 10% of the Group's revenue. During the Reporting Period and the corresponding period of last year, revenue attributed to Customer A, Customer B, and Customer C from the manufacture and sale of furniture products segment are as follows:

	Ended 31 December		
	Six months	Six months	From reporting segment
	2024	2023	
	RMB'000	RMB'000	
	(Unaudited)	(Unaudited)	
Customer A	18,221	–	Manufacture and sale of furniture products
Customer B	–	4,910	Manufacture and sale of furniture products
Customer C	N/A	4,552	Manufacture and sale of furniture products

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

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2024

4. REVENUE

	Ended 31 December	
	Six months 2024 RMB'000 (Unaudited)	Six months 2023 RMB'000 (Unaudited)
Revenue from contracts with customers within the scope of HKFRS 15		
Sale of furniture products	35,513	25,055
Information technology management service	248	247
Internet access connection service	63	106
Data centre operating and security service	84	85
	35,908	25,493
Revenue from other sources		
Rental of server racks	8,723	10,558
	44,631	36,051

Disaggregation of the Group's revenue from contracts with customers within the scope of HKFRS 15 by the timing of revenue recognition is as follows:

	Ended 31 December	
	Six months 2024 RMB'000 (Unaudited)	Six months 2023 RMB'000 (Unaudited)
Timing of revenue recognition		
At a point in time	35,513	25,055
Over time	395	438
	35,908	25,493

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2024

During the Reporting Period and the corresponding period of last year, the Group did not commence new buildout management projects, and therefore the Group's revenue was divided into two parts by reporting segment: sale of furniture products, and data centre business with an analysis as follows during the Reporting Period:

	Ended 31 December	
	Six months	Six months
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Sale of furniture products	35,513	25,055
Data centre business	9,118	10,996
	44,631	36,051

5. INCOME TAX EXPENSE/(CREDIT)

	Ended 31 December	
	Six months	Six months
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax		
Provision for the period	21	–
Deferred tax	–	–
	21	–

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

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

Provision for the enterprise income tax in the PRC was calculated on a statutory tax rate of 25% of the estimated assessable profit as determined in accordance with the relevant income tax law in the PRC. Pursuant to the "Notice on Implementing Inclusive Tax Reduction and Exemption Policy for Small and Micro Enterprises (《關於實施小微企業普惠性稅收減免政策的通知》)", the Group's PRC entities are qualified as small and micro enterprises with an annual taxable income of RMB1 million or less, and are entitled to a 25% tax credit for their tax payable and at the tax rate of 20%.

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2024

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

6. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 31 December 2024 (corresponding period in 2023: nil). No shareholder has agreed to waive dividends.

7. LOSS PER SHARE

The loss per share is calculated by dividing loss attributable to the owners of the Company by the weighted average number of 93,691,505 and 90,733,332 (restated) ordinary shares in issue for the six months ended 31 December 2024 and the corresponding period in 2023.

	Ended 31 December	
	Six months	Six months
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
		(restated)
The loss used to calculate the basic loss per share	(2,019)	(11,385)
	'000 shares	'000 shares
Number of shares used to calculate the basic loss per share	93,692	90,733

Note: The calculation of the basic loss per share attributable to the owners of the Company is based on the loss for the six months ended 31 December 2024 of approximately RMB2.019 million (corresponding period of last year: a loss of approximately RMB11.385 million), and on the weighted average number of 93,691,505 (corresponding period of last year: 90,733,332 (restated)) ordinary shares of the Company in issue.

The effects of all potential ordinary shares are anti-dilutive during the Reporting Period and the corresponding period of last year. Accordingly, the diluted loss per share was the same as the basic loss per share.

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2024

8. TRADE, LEASE AND OTHER RECEIVABLES

	As at 31 December 2024 RMB'000 (Unaudited)	As at 30 June 2024 RMB'000 (Audited)
Trade receivables (Note (a))	16,604	9,997
Lease receivables (Note (b))	2,759	3,483
Other receivables (Note (c))	13,228	14,636
Deposits (Note (c))	1,517	1,492
Prepayments (Note (d))	15,711	15,145
	49,819	44,753
Less: loss allowances	(25,873)	(26,680)
	23,946	18,073

(a) Trade receivables

	As at 31 December 2024 RMB'000 (Unaudited)	As at 30 June 2024 RMB'000 (Audited)
Total trade receivables	16,604	9,997
Less: loss allowances	(6,450)	(6,575)
Trade receivables, net	10,154	3,422

As at 31 December 2024, included in total trade receivables are trade receivables of RMB13,482,000 (30 June 2024: RMB6,532,000) and quality assurance deposit receivables of RMB1,087,000 (30 June 2024: RMB1,414,000) from manufacture and sale of furniture products. The credit period granted to customers on product sales normally varies according to the terms of the contract, ranging from 30 days or up to 180 days from the invoice date.

As at 31 December 2024, included in total trade receivables are trade receivables of RMB2,035,000 (30 June 2024: RMB2,051,000) from data centre segment. The credit periods on service contracts with customers are normally within 30 days or up to 90 days from the invoice date, depending on the terms of the contracts.

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2024

The ageing analysis of trade receivables as of the end of the Reporting Period, based on invoice dates, is as follows:

	As at 31 December 2024 RMB'000 (Unaudited)	As at 30 June 2024 RMB'000 (Audited)
Within 3 months	9,228	3,362
More than 3 months	7,376	6,635
	16,604	9,997

The ageing analysis of trade receivables as of the end of the Reporting Period, based on past due dates and net of loss allowances, is as follows:

	As at 31 December 2024 RMB'000 (Unaudited)	As at 30 June 2024 RMB'000 (Audited)
Current (not past due)	8,882	2,221
Less than 1 month past due	96	380
1 to 3 months past due	275	296
More than 3 months but less than 6 months past due	241	367
More than 6 months past due	660	158
	10,154	3,422

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 does not hold any collateral over trade receivables as a guarantee or hold other credit enhancements.

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2024

The changes in the loss allowances on trade receivables are as follows:

	As at 31 December 2024 RMB'000 (Unaudited)	As at 30 June 2024 RMB'000 (Audited)
At the beginning of the year	6,575	6,867
Reversal of loss allowance recognised during the year	(125)	(292)
At the end of the year (period)	6,450	6,575

As at 31 December 2024, the Group applied simplified approach to measure lifetime ECLs on the Group's trade receivables for manufacture and sale of furniture products segment of RMB13,482,000 (30 June 2024: RMB6,532,000) using a provision matrix.

The following table provides information about the Group's exposure to credit risk and ECLs on trade receivables for manufacture and sale of furniture products segment as at the end of the Reporting Period.

As at 31 December 2024

	ECL rate %	Gross carrying amount RMB'000	Lifetime ECLs RMB'000	Net carrying amount RMB'000
Current (not past due)	1.8	8,982	162	8,820
Less than 1 month past due	3.4	99	3	96
1 to 3 months past due	24.1	362	87	275
More than 3 months but less than 6 months past due	37.4	385	144	241
More than 6 months past due	100.0	3,654	3,654	–
		13,482	4,050	9,432

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2024

As at 30 June 2024

	ECL rate %	Gross carrying amount RMB'000	Lifetime ECLs RMB'000	Net carrying amount RMB'000
Current (not past due)	1.8	1,929	35	1,894
Less than 1 month past due	3.4	116	4	112
1 to 3 months past due	24.1	390	94	296
More than 3 months but less than 6 months past due	37.4	586	219	367
More than 6 months past due	100.0	3,511	3,511	–
		6,532	3,863	2,669

As at 31 December 2024, the Group applied simplified approach to measure lifetime ECLs on the Group's quality assurance deposit receivables for manufacture and sale of furniture products segment of RMB1,087,000 (30 June 2024: RMB1,414,000) using probability-default model. The ECL rate was 89.4% (30 June 2024: 69.9%), the loss allowance as at the end of the Reporting Period was RMB972,000 (30 June 2024: RMB989,000).

As at 31 December 2024, the Group applied simplified approach to measure lifetime ECLs on the Group's trade receivables for data centre segment of RMB2,035,000 using probability-default model. The ECL rate was 70.17%. The loss allowance as at the end of the Reporting Period was RMB1,428,000. As at 30 June 2024, the Group measured lifetime ECLs on the Group's trade receivables for data centre segment of RMB2,051,000 using probability-default model. The ECL rate was 84%. The loss allowance as at the end of the Reporting Period was RMB1,723,000.

(b) Lease receivables

As at 31 December 2024, the Group applied simplified approach to measure lifetime ECLs on the Group's lease receivables for data centre segment of RMB2,759,000 using probability-default model. The ECL rate was 1.2%. The loss allowance as at the end of the Reporting Period was RMB33,000. As at 30 June 2024, the Group measured lifetime ECLs on the Group's lease receivables for data centre segment of RMB3,483,000 using probability-default model. The ECL rate was 0.40%. The loss allowance as at the end of the Reporting Period was RMB14,000.

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2024

(c) Other receivables

- (i) As at 31 December 2024, among the other receivables, three (30 June 2024: three) debt instruments of RMB10,000,000 (30 June 2024: RMB10,000,000) were due from financial institutions and independent third parties in the PRC. The debt instruments were overdue and the Company fully provided impairment allowances for the debt instruments.
- (ii) As at 31 December 2024, the Group applied general approach to measure ECLs on the Group's deposits and other receivables of RMB14,745,000 (30 June 2024: RMB16,128,000) using probability-default model and made loss allowance of RMB10,965,000 (30 June 2024: RMB11,072,000) at the end of the period/year.

(d) Prepayments

- (i) As at 31 December 2024, the prepayments of approximately RMB13,617,000 (30 June 2024: RMB14,267,000) were prepayments provided for the suppliers in respect of the purchase of raw materials.
- (ii) As at 31 December 2024, the Group applied general approach to measure ECLs on the Group's prepayments of RMB15,711,000 (30 June 2024: RMB15,145,000) using probability-default model and made loss allowance of RMB8,425,000 (30 June 2024: RMB9,019,000) at the end of the period/year.

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2024

9. TRADE AND OTHER PAYABLES

	As at 31 December 2024 RMB'000 (Unaudited)	As at 30 June 2024 RMB'000 (Audited)
Trade payables (<i>Note (a)</i>)	13,797	14,447
Other payables and accruals (<i>Note (b)</i>)	20,747	28,782
Other tax payables	2,626	181
	37,170	43,410

(a) Trade payables

As of the end of the Reporting Period, the ageing analysis of the Group's trade payables, based on the invoice date, is as follows:

	As at 31 December 2024 RMB'000 (Unaudited)	As at 30 June 2024 RMB'000 (Audited)
Within 3 months	8,900	7,765
More than 3 months	4,897	6,682
	13,797	14,447

(b) Other payables and accruals

As at 31 December 2024, included in other payables is the amounts of RMB5,665,000 and RMB6,863,000 (30 June 2024: RMB5,665,000 and RMB14,776,000) due to the registered owners of Beijing Wannuotong and Mega Data Investment Ltd., respectively. The amounts were unsecured, interest-free and repayable on demand.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is principally engaged in the manufacture and sale of furniture products and sells its products to the domestic PRC market with a large proportion of its sales derived from Sichuan province, Chongqing city, the Tibet Autonomous Region and Guizhou province; the Group sells its products to its customers mainly through these two major sales channels, namely participating in tenders and direct sales. The Group operates a sales office, Sichuan Greenland Furniture Co., Limited* (四川青田家具實業有限公司) ("**Sichuan Greenland**"), in Chengdu city and a branch office, Chongqing Branch Office ("**Chongqing Branch Office**") of Sichuan Greenland, in Chongqing city.

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

During the previous 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 Home**"), which is principally engaged in the manufacture and sale of furniture and furniture products, through the investment of WNT. WNT controls 51% of the shareholding of the company. It aims to enable the furniture products business to quickly overcome its operational challenges, establish diversified operations in furniture, and strive to stabilise our revenue.

Manufacture and sale of furniture products business

During the Reporting Period, the Group achieved a revenue from manufacture and sale of furniture products of approximately RMB35.5 million, representing an increase of approximately RMB10.5 million or approximately 41.7% as compared to the corresponding period of last year. Despite the introduction of numerous stimulus policies and measures for the real estate sector by the national and local governments, the real estate market remains in a downturn. Against the backdrop of the real estate slump, the furniture industry continues with its accelerated restructuring. In light of economic pressures and uncertainties, customers adopt a more prudent strategy for furniture purchase or replacement, with the impact on the industry substantially exceeding the Group's preliminary projections. The key financial institution clients of the Group in recent years have consistently downsized their offline branch networks, exerting considerable pressure on the Company's business prospects. In response to complex domestic and international challenges, the Group has resolved to focus its resources on consolidating market share in its core business areas, particularly Sichuan Province and other southwestern regions. As for the product mix, the Company has intensified research and development efforts to launch diversified product lines that will better align with market demands. As for sales, we actively pursue clients across multiple channels, including hospitality, higher education institutions, small enterprises, and residential customers. Despite a volley of measures taken by the Group, our recovery of market share showed no signs of breakthrough.

* For identification purpose only

MANAGEMENT DISCUSSION AND ANALYSIS

In response, the Group has enhanced inventory management to reduce overallocated capital in inventories and losses arising from inventory obsolescence, optimised asset utilisation, and actively recovered significant overdue receivables. Furthermore, various costs and expenses are subject to strict control, including relocation of our offices in the Chengdu region to curtail rental costs. During the Reporting Period, the furniture products segment achieved a significant year-on-year reduction in overall administrative expenses.

Meanwhile, the Group steadily advanced the production and sales of Shangcheng Smart Home, generating approximately RMB14.6 million in sales revenue and approximately RMB3.6 million in associated management service income during the Reporting Period, which not only offset the decline in sales from the existing business of the furniture products segment, but also drove year-on-year revenue growth for the manufacture and sale of the furniture products business as a whole.

OTHER MATTERS DURING THE PREVIOUS FINANCIAL YEARS

As mentioned in the reports for the last two financial years, the Group assisted Mr. Luo Jinyao (東莞市耀邦集團有限公司 (Dongguan Yaobang Group Co., Ltd.)*) ("**Yaobang Group**") is controlled by Mr. Luo Jinyao, as a borrower (the "**Borrower**") or his subsidiaries in obtaining the financing in connection with the pledge of properties such as land and buildings by our subsidiary Sichuan Greenland. However, due to the borrower's failure to make repayment on time, Sichuan Greenland has received a written notice from the state-owned financial institution(s) in the PRC (the "**Bank(s)**") demanding Sichuan Greenland to observe and fulfil its obligations under the pledge of a parcel of land and buildings located at Chengdu City provided by the Company. For subsequent matters, please refer to the content set out in the subsection headed "OTHER MATTERS DURING THE PREVIOUS FINANCIAL YEARS" under the Management Discussion and Analysis section of this announcement.

In addition, as disclosed in the 2022/23 annual report of the Company, the Company purchased three wealth management products issued by Zhongzhi Enterprise Group Co., Ltd.* (中植企業集團有限公司) or its subsidiaries ("**Zhongzhi Enterprise Group (ZEG)**") with an aggregate principal amount of RMB10 million which remain outstanding as at the date of this announcement. The Group has fully provided allowances for investment loss incurred from the last two financial years. For specific matters, please refer to the content set out in the subsection headed "OTHER MATTERS DURING THE PREVIOUS FINANCIAL YEARS" under the Management Discussion and Analysis section of this announcement.

* For identification purpose only

MANAGEMENT DISCUSSION AND ANALYSIS

Data centre business

During the Reporting Period, the Group achieved a revenue from the existing business of the data centre segment of approximately RMB11.0 million, representing a decrease of approximately RMB1.2 million or approximately 9.4% as compared to the corresponding period of last year. Although the current revenue from the data centre segment is mainly the rental income from server rack rentals and the business is relatively stable, the weaker-than-expected recovery of the overall economic environment has prompted businesses to tighten budgets, affecting corporate clients' IT expenditures, particularly for non-core IT infrastructure services. This has weakened market demand for data centre services, in which case some customers did not renew their leases upon expiry or were undergoing business downsizing, and new customers were not timely acquired to fill vacancies, resulting in increased vacancy rates. On the other hand, as the increasingly intensified industry competition was exacerbated by traditional large-scale data centre operators and emerging cloud service providers, the Company was forced to cut service prices to secure the market share, lowering per-unit revenue for new leases and undermining overall profitability. For the Reporting Period, apart from a marginal year-on-year growth in the information technology management service, revenues from the server rack leasing business, internet access connection service, and data centre operating and security services all declined on a year-on-year basis. In this regard, the Group has established a customer feedback mechanism to identify their requirements and pain points, providing efficient solutions to address issues. Our customized service packages, the content of which are realigned to satisfy customers' specific requirements, will provide value-added services, such as technical training and solution consulting, to enhance customers' business efficiency. Our partnership programs in place will provide long-term customers with preferential terms and exclusive services to increase customer loyalty. Furthermore, we make every effort to retain existing customers, and strive to uncover their potential. Concurrently, the Group utilizes social media campaigns, industry exhibitions, online advertising, and other channels to promote our brand, while forging alliance with cooperative partners within the industry, which is aimed to expand customer acquisition resources in a mutually beneficial manner. Meanwhile, we actively explore new customer channels, which have yielded certain results. On the other hand, we built long-term partnership with key suppliers to secure more favourable rental price and service terms, which will allow the Group to provide competitive prices flexibly and maintain competitiveness of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

Buildout management service business

In June 2021, WNT entered into a buildout management agreement with Gu'an Fu'ai, to provide engineering and management services as construction manager for buildout construction works and the profit of the such segment is recognised according to the progress of the buildout management project. As the Phase I buildout management projects were completed in the previous financial year, the Group did not commence any new buildout management projects during the Reporting Period and the corresponding period of last year, and therefore no revenue, costs and expenses in relation to the buildout management service was recognized, thus subsequent chapters will not repeat the content related to the buildout management services business.

During the Reporting Period, the Group recorded a revenue of approximately RMB44.6 million, representing an increase of approximately RMB8.6 million or approximately 23.8% 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 RMB2.0 million, as compared with the loss of approximately RMB11.4 million recorded by owners of the parent of the Group for the corresponding period of last year. For details on the decrease of loss and analysis of revenue, cost, fees and other indicators for the Reporting Period, please refer to the section headed "Financial Review" under the Management Discussion and Analysis section of this announcement.

Prospects

Looking forward, the real estate market and furniture industry are still in a downturn, and it is expected that they will require a longer period for recovery. However, with the continuous consolidation of national policies to support the real estate sector and promote consumption, we believe that the consumer market will recover and maintain its growth momentum. The Group remains very optimistic about the future recovery of the furniture market, and at the same time, we remain very confident in our brand advantage. Accordingly, by actively seizing opportunities, we will persist in the initiatives outlined in the previous year to advance the following activities. First, we will concentrate resources on expanding marketing channels. By intensifying promotional efforts in key regions for market expansion, our brand presence will expand, further recovering and consolidating our presence in the southwestern region. Second, our customer feedback mechanism and comprehensive after-sales service system are established to bolster customer trust in our brand. Third, we will continue to strengthen research

MANAGEMENT DISCUSSION AND ANALYSIS

and development efforts to develop diversified products that accommodate to the requirements of our diverse consumer bases based on their characteristic requirements. Fourth, we will actively broaden the corporate customer base by striving to acquire more customers in the hospitality, higher education institutions, small enterprises, or residence sectors, while exploring the online sales. Fifth, we will continue to optimise supply chain management, and enhance our inventory and accounts receivable management, which is aimed at efficiently optimising asset utilisation, as well as reducing losses from inventory obsolescence and bad debts. In addition, by constantly enhancing service capabilities and operational efficiency with various costs reduced, we strive to improve the current operating performance of the furniture products segment. Furthermore, to expeditiously disentangle our furniture products segment from the business dilemma, the Group will intensify support for the business expansion of Shangcheng Smart Home by developing diversified furniture products and expanding the Group's sales region from our Guangdong base. On the other hand, the Group consistently has been identifying other suitable locations so that the Group's production facilities will be vacated from the pledged land, buildings and other properties in Qingtian, Sichuan in case of the enforcement of sales by the banks. Concurrently, Shangcheng Smart Home is also preparing to take over partial production capacity from these facilities. We believe that by establishing diversified operations in the furniture products segment, we can effectively mitigate the risks associated with monotony of the original business in the furniture market. In line with a gradual recovery in the market demand for furniture, our business performance will continue to grow steadily.

In terms of data centre business and buildout management services business, the Group will strengthen customer relationship to enhance customer loyalty, by virtue of long-term agreements, and premium customer service and support. In light of market demands and competition dynamics, we adopt flexible pricing/service adjustment strategies that adapt to market changes. Meanwhile, the Group will facilitate necessary conditions to provide diversified services that meet the different needs of customers. By expanding the scope of our businesses to provide more types of Internet services, including cloud computing services and big data analytics, to deliver comprehensive solutions and services, thereby broadening revenue streams. Furthermore, our efforts to promote and market our brand, as part of our active customer base expansion, will be redoubled to acquire multi-tier customers across industries to mitigate overreliance on the monotony of our customer base. On the other hand, we strive to gain a competitive advantage

MANAGEMENT DISCUSSION AND ANALYSIS

in the supply price of machine enclosure leasing by strengthening cooperation with existing data centre operators, while seeking to establish a diversified supplier mechanism, as our efforts to minimise the risk of our reliance on the single supplier and prevent operational disruptions and maintain a stable profit forecast. Furthermore, we establish close cooperative relationships with upstream and downstream partners in the industry chain for joint efforts in market development and business expansion. Through resource sharing and complementary advantages, our overall competitiveness will be enhanced.

Lastly, the Group will actively capitalise on strategic opportunities arising from the government's quest for the data centre development. While enhancing technological research and development, the Company will proactively pursue opportunities to boost its revenue by leveraging our experiences in the buildout management services. We will strive to establish our own data centre with proprietary rights at the earliest opportunity, reducing reliance on external suppliers and gradually enhancing the Company's competitive strengths.

FINANCIAL REVIEW

Revenue

During the Reporting Period, the Group achieved a revenue of approximately RMB44.6 million, representing an increase of approximately RMB8.6 million or approximately 23.8% 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 RMB35.5 million, representing an increase of approximately RMB10.5 million or approximately 41.7% as compared to the corresponding period of last year, which was attributable to the facts that:

- (i) During the Reporting Period, the revenue from the existing business of the furniture products segment decreased by approximately RMB7.8 million, or approximately 31.0% as compared to the corresponding period of last year. The Group continued to focus on business expansion in the five southwestern provinces during the Reporting Period, without signs of breakthrough in the recovery of market share, as sales in each province did not meet the expected results. This was mainly attributable to very weak overall demand in the furniture industry due to the decelerated consumer demand and industry cycles, which continued to weigh on the Company's operating performance.

MANAGEMENT DISCUSSION AND ANALYSIS

- (ii) Shangcheng Smart Home, which was newly established in the previous financial year, achieved additional sales revenue of approximately RMB14.6 million during the Reporting Period, while the furniture products segment also realised related management service income of approximately RMB3.6 million, which was the main reason for the year-on-year increase in revenue for that segment.

Data centre segment: during the Reporting Period, the data centre segment achieved a revenue of approximately RMB9.1 million, representing a decrease of approximately RMB1.9 million or approximately 17.1% as compared to the corresponding period of last year. For the Reporting Period, apart from a slight growth in the information technology management service as compared to the corresponding period of last year, the revenue from the business of leasing server racks, internet access connection service and data centre operating and security service declined year-on-year, which was mainly attributable to the fact that some customers did not renew their leases upon expiry due to their IT spending budget amidst the impact of a weaker-than-expected economic recovery; new customers were not filled in a timely manner, resulting in insufficient utilisation of vacant rack spaces. Meanwhile, revenue also declined year-on-year due to intensified competition and lower unit prices for new leases as the Company sought to attract new customers.

Cost of sales

Cost of sales mainly comprised (i) raw materials used for production; (ii) cost of products purchased; (iii) labour costs; (iv) production or operation overheads such as depreciation, amortisation of intangible assets, utilities bills, maintenance fee and rent; and (v) cost of buildout management service. The Group's cost of sales for the Reporting Period was approximately RMB32.4 million, representing an increase of approximately RMB2.0 million or approximately 6.5% 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 RMB24.4 million, representing an increase of approximately RMB4.0 million or approximately 19.7% as compared to the corresponding period of last year. Of which, the cost of sales of the existing business of the furniture products segment decreased approximately RMB7.3 million as compared to the corresponding period of last year, as the decline in cost of sales was greater than the decline in revenue, resulting in a year-on-year

MANAGEMENT DISCUSSION AND ANALYSIS

increase in gross profit margin. During the Reporting Period, the allowance provided for inventory loss was reversed to offset the cost of approximately RMB1.3 million, representing a year-on-year increase of approximately RMB1.1 million, thereby accelerating the decrease in the cost of sales. The furniture products segment, including the additional costs of Shangcheng Smart Home, amounted to approximately RMB11.3 million (the corresponding period of last year: nil).

Data centre segment: the cost of sales during the Reporting Period was approximately RMB8.0 million, representing a decrease of approximately RMB2.0 million or approximately 20.4% as compared to the corresponding period of last year. The decrease in cost of sales is in line with the decrease in revenue, which is mainly attributable to the fact that certain customers did not renew the leases upon their expiry, and new customers were not filled in a timely manner. In view of this, the Company strictly implemented “cost reduction and efficiency improvement” strategy, whereby reducing the number of leased machine enclosures upon renewal for server racks with expired leases, and striving for rental discount from suppliers through negotiations. Therefore, certain results have been achieved, evidenced by the decrease in cost.

Gross profit

The gross profit recognised by the Group increased from approximately RMB5.6 million in the corresponding period of last year to approximately RMB12.2 million in the Reporting Period. Of which:

Manufacture and sale of furniture products segment: during the Reporting Period, the gross profit amounted to approximately RMB11.1 million, representing a year-on-year increase of gross profit of approximately RMB6.4 million or approximately 138.7%. The gross profit margin of the furniture products segment increased from approximately 18.5% in the corresponding period of last year to approximately 31.2% during the Reporting Period. Of which, the decline in the cost of sales of the existing business of the furniture products segment is greater than the decline in sales revenue, resulting in the gross profit margin increasing from approximately 18.5% for the corresponding period of last year to approximately 24.1% for the Reporting Period. The Company’s enhanced inventory management and effective reduction in losses arising from inventory obsolescence are the major reasons for the increase in the gross profit margin. To disentangle the furniture products segment from the business dilemma, the

MANAGEMENT DISCUSSION AND ANALYSIS

Group established Shangcheng Smart Home in early 2024. During the Reporting Period, such subsidiary achieved gross profit of approximately RMB3.3 million, while the furniture products segment realised related management service income of approximately RMB3.6 million, which was the main reason for the year-on-year increase in revenue for that segment.

Data centre segment: gross profit for the Reporting Period was approximately RMB1.1 million, representing an increase of approximately RMB0.2 million or approximately 17.4% as compared to the corresponding period of last year. The gross profit margin increased from approximately 8.8% for the corresponding period of last year to approximately 12.5% for the Reporting Period, which were mainly attributable to the facts that the Company strictly implemented “cost reduction and efficiency improvement” strategy. Therefore, the number of leased machine enclosures upon renewal were reduced for server racks with expired leases that were not renewed, leading to a significant decline in machine enclosure vacancy rates as compared to the corresponding period of last year. Meanwhile, we strove for rental discount from suppliers through negotiations. Therefore, certain results have been achieved, evidenced by the year-on-year increase in gross profit margin.

Other loss or income, net

During the Reporting Period, the Group recognised other loss, net of approximately RMB2.3 million, representing a year-on-year increase of approximately RMB3.9 million as compared to other income, net of approximately RMB1.6 million for the corresponding period of last year. This was primarily attributable to: (i) the debt extinguishment costs of approximately RMB1.2 million arising from the revaluation of the fair value of the convertible bonds due to the change in the maturity date of the 2024 Convertible Bonds from 26 February 2026, to 19 February 2025; (ii) the absence of interest income from loan receivables for the year as a result of the repayment of SPV loans maturing in February 2024, as compared to approximately RMB1.5 million in the corresponding period of last year; and (iii) non-recurring compensatory expenses of approximately RMB1.2 million incurred by the subsidiary, Shangcheng Smart Home, during the Reporting Period, whereas no such expenses were incurred in the corresponding period of last year.

MANAGEMENT DISCUSSION AND ANALYSIS

Selling and distribution expenses

During the Reporting Period, the Group recognised selling and distribution expenses of approximately RMB3.6 million, representing an increase of approximately RMB0.1 million or approximately 2.8% as compared to the corresponding period of last year, of which: the data centre segment did not incur any selling expenses during the Reporting Period. The year-on-year increase of selling and distribution expenses of the furniture products segment was mainly due to (i) the furniture products segment's strict control over various selling expenses in response to the ongoing industry downturn during the Reporting Period, resulting in an overall year-on-year decrease in selling and distribution expenses of approximately RMB1.1 million; and (ii) the additional selling and distribution expenses of approximately RMB1.2 million incurred by Shangcheng Smart Home, which offset the reduction in expenses under item (i).

Administrative and other expenses

During the Reporting Period, the Group recognised the administrative and other expenses of approximately RMB7.9 million, representing a decrease of approximately RMB1.7 million or approximately 17.8% as compared to the corresponding period of last year.

In particular, administrative and other expenses of the data centre segment amounted to approximately RMB2.0 million, representing an increase of approximately RMB0.6 million or 40.5% as compared to the corresponding period of last year. Such increase was mainly attributable to the provision for an impairment loss on goodwill of approximately RMB1.0 million during the Reporting Period. Meanwhile, the provision for expected trade credit losses decreased by approximately RMB0.1 million year-on-year, and the remainder representing the year-on-year decrease in ordinary administrative expenses incurred during the Reporting Period.

Excluding the administrative expenses incurred from the data centre segment, the Group's administrative and other expenses for the Reporting Period amounted to approximately RMB5.9 million, representing a decrease of approximately RMB2.3 million or 27.9% as compared to the corresponding period of last year. Such decrease was mainly attributable to the fact that: (i) a reversal of allowances for ECLs of approximately RMB1.0 million during the Reporting Period, as compared to the provisions of credit loss allowances of approximately RMB1.1 million in the corresponding period of last year, resulting in a net decrease of approximately

MANAGEMENT DISCUSSION AND ANALYSIS

RMB2.1 million. This improvement was mainly due to the Group's enhanced management of accounts receivable collection, which achieved positive results; (ii) the furniture products segment strictly implemented cost-control measures for administrative and other expenses during the Reporting Period to address industry downturns. This included the relocation of its Chengdu office to reduce rental costs. Significant year-on-year reductions were achieved in expenses such as office costs, staff costs (including welfare expenses), rent, travel expenses, entertainment expenses, and taxes, leading to an overall decrease in administrative and other expenses of approximately RMB1.7 million as compared to the previous year. In addition, expenses for the Hong Kong office decreased by approximately RMB0.6 million year-on-year; (iii) Shangcheng Smart Home incurred new administrative and other expenses of approximately RMB2.1 million during the Reporting Period, which partially offset the reduction in expenses of (i) and (ii).

Finance Costs

The Group incurred finance costs of approximately RMB1.3 million during the Reporting Period, while the finance costs of the Group in the corresponding period of last year was approximately RMB5.5 million, representing a year-on-year decrease of approximately RMB4.2 million or approximately 77.1%. The decrease of the Group's finance costs was mainly due to: (i) the interest expense arising from the issuance of convertible bonds by the Group decreased by approximately RMB4.8 million year-on-year, which was mainly attributable to the redemption on 6 February 2024 of convertible bonds with a nominal value of US\$8,000,000 issued by the Company on 6 August 2021; (ii) the interest expense on lease liabilities increased by approximately RMB0.6 million year-on-year, which was mainly due to the increase in interest expenses resulting from the new lease liabilities incurred by the furniture products segment.

Income Tax Expense

The Group had income tax expense of approximately RMB21 thousand during the Reporting Period, while there was no income tax expense for the corresponding period of last year. During the Reporting Period, except for individual subsidiaries of the Group that have made profits and have accrued income tax according to regulations, other subsidiaries are not required to pay corporate income tax due to loss-making or profit-making but need to make up for the losses for previous years.

MANAGEMENT DISCUSSION AND ANALYSIS

LOSS FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY

Loss for the period attributable to owners of the Company for the Reporting Period was approximately RMB2.0 million, and loss for the period attributable to non-controlling interests was approximately RMB0.9 million (the corresponding period of last year: loss for the period attributable to the owners of the Company of approximately RMB11.4 million, and loss for the period attributable to non-controlling interests: nil).

LIQUIDITY AND FINANCIAL RESOURCES

During the Reporting Period, the Group financed its operations by internally generated cash flow and net proceeds from the placing and issuance of new shares under the specific mandate. As at 31 December 2024, the Group had net current assets of approximately RMB9.5 million (30 June 2024: approximately RMB6.5 million) including bank balances and cash of approximately RMB28.3 million (30 June 2024: approximately RMB22.1 million). As at 31 December 2024, the Group did not have outstanding interest-bearing bank loan (30 June 2024: nil). As at 31 December 2024, the Group's current ratio (defined as the ratio of current assets to current liabilities) was approximately 1.2 (30 June 2024: approximately 1.1).

CAPITAL STRUCTURE

According to the announcement of the Company dated 20 December 2024, the subscription of new shares under the specific mandate took place on 20 December 2024, and a total of 45,000,000 Subscription Shares have been allotted and issued to the Subscribers at the Subscription Price of HK\$0.30 per Subscription Share pursuant to the terms of the Subscription Agreements. Conversion into 3,631,039 ordinary shares of the Company was completed as at 30 December 2024 at the request of the bondholders to convert the zero coupon convertible bonds issued by the Company on 26 February 2024 in the principal amount of HK\$2,480,000 into new shares at the conversion price of HK\$0.683 per conversion share.

As at 31 December 2024, the Company's issued capital was approximately HK\$13,936,437 and the number of its issued ordinary shares was 139,364,371 of par value of HK\$0.1 each.

MANAGEMENT DISCUSSION AND ANALYSIS

As at 31 December 2024, the Group's total equity attributable to the owners of the Company amounted to approximately RMB31.7 million (30 June 2024: approximately RMB19.8 million). The Group's equity attributable to the owners of the Company includes share capital and capital reserve.

GEARING RATIO

As at 31 December 2024, the gearing ratio (defined as total debt divided by total equity). Total debt represents all liabilities excluding contract liabilities, trade payables, tax payable, deferred tax liabilities and provision (if any)) amounted to approximately 1.33 (30 June 2024: approximately 2.27).

CONTINGENT LIABILITIES

As at 31 December 2024, the Group was not aware of any material contingent liabilities or guarantees.

SIGNIFICANT INVESTMENTS HELD

As of 31 December 2024, as disclose in the 2022/23 annual report of the Company, the Group subscribed to certain wealth management products from Zhongzhi Enterprise Group (details of which are set out in the Company's announcements dated 11 August 2023 and 25 August 2023). Three of these wealth management products totaling RMB10 million had become overdue without being redeemed pursuant to the terms of the subscription agreement. As the probability of redemption of the above financial products was relatively low, full provision for asset losses had been made in the last two financial years. However, there was no individual investment with a carrying value of 5% or more of the Group's total assets as at 31 December 2024.

FOREIGN EXCHANGE EXPOSURE

As the Group conducts its business transactions principally in RMB, the Group's exposure to foreign currency fluctuations is minimal. The Group was not a party to any foreign exchange hedging instrument as at 31 December 2024. However, the Group will review and monitor from time to time the risk relating to foreign exchange.

MANAGEMENT DISCUSSION AND ANALYSIS

OTHER MATTERS DURING THE PREVIOUS FINANCIAL YEARS

- I. As disclosed in the 2022/23 annual report of the Company, the Group subscribed to certain wealth management products from Zhongzhi Enterprise Group (details of which are set out in the Company's announcements dated 11 August 2023 and 25 August 2023). Three of these wealth management products totaling RMB10 million had become overdue without being redeemed pursuant to the terms of the subscription agreement, and full provision for losses had been made in the last two financial years.

According to the notification of Chaoyang Branch of Beijing Municipal Public Security Bureau (北京市公安局朝陽分局) on 25 November 2023, it has recently launched an investigation into the wealth companies affiliated to "ZEG" for suspected illegal crimes in accordance with the law. In order to comprehensively investigate the case and full recovery of monies and losses lost to fraud, investors are requested to register the case through one of three methods: online, mail, or on-site reporting. It is reported that Zhongzhi International Investment Holding Group Co., Ltd.* (中植國際投資控股集團有限公司) and Zhongzhi Automobile Anhui Co., Ltd.* (中植汽車安徽有限公司) also fall within the scope of investigation. Therefore, the Group has completed the reporting procedures for the above-subscribed wealth management products as required by the Chinese public security authorities.

In addition, Beijing No. 1 Intermediate People's Court ruled on 5 January 2024 that the petition for bankruptcy and liquidation of Zhongzhi Enterprise Group Co., Ltd.* (中植企業集團有限公司) was accepted.

The Group will closely monitor the progress of the aforesaid matters in the future and will comprehensively consider various feasible legal measures in order to minimise investment losses and protect the interests of the Shareholders.

* For identification purpose only

MANAGEMENT DISCUSSION AND ANALYSIS

- II. Litigation: References are made to the announcements of the Company dated 25 January 2022, 2 June 2023, 24 January 2024 and 2 July 2024 (the “**Announcements**”) and the circular of the Company dated 25 March 2022 (the “**Circular**”) in relation to, among other matters, (i) the entering into of the agreement for the provision of financial assistance by way of pledge of properties of the Group; (ii) the receipt of written notice dated 15 May 2023 from the Bank requesting Sichuan Greenland to observe and perform its obligations under the pledge if the Borrower fails to make repayment.; (iii) the judgement of the Dongguan Third Primary People’s Court, Guangdong (廣東省東莞市第三人民法院) (the “**Court**”) handed down on 16 January 2024 confirming the disposal rights of the bank to enforce the pledge and sell the properties by auction in settlement of the liability owed by the borrower to the bank in light of the borrower’s failure to perform its repayment obligation regarding the loan.

Appeal was made by Sichuan Greenland to the Dongguan Intermediate People’s Court, Guangdong (廣東省東莞市中級人民法院) (the “**Intermediate People’s Court**”) to reverse or vary the decision of the Court or remand the case. The bank also made an appeal to vary the decision. The hearing was held on 28 May 2024 and the civil judgment of the Intermediate People’s Court was handed down on 7 June 2024, pursuant to which, among others, the appeal of Sichuan Greenland and the bank was dismissed and the original judgment (i.e. Jan 2024 Judgment) was upheld, and the June 2024 Judgment is final. For specific details, please refer to the voluntary announcement of the Group dated 24 January 2024 in respect of the business update.

As disclosed in the annual report of the Company for the year ended 30 June 2023, an impairment loss on assets of approximately RMB49.8 million has been made by the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group has also filed a lawsuit with the court regarding the abovementioned matters and has taken pre-litigation property preservation measures against the Borrower and its subsidiary(ies), and has obtained acceptance from the Dongguan Third Primary People's Court, Guangdong. According to the Court's default judgement dated 20 June 2024: the defendant, Dongguan Yaobang Group Co., Ltd.* (東莞市耀邦集團有限公司) and Luo Jinyao, at their own cost and expense, shall release the real estate mortgage provided by Sichuan Greenland Furniture Industrial Co., Limited* (四川青田家具實業有限公司) for Dongguan City Hengli Furniture Corporate Co., Ltd.* (東莞市恒利家私實業有限公司) to borrow from the Dongguan Qiaotou Branch of the Industrial and Commercial Bank of China Limited. The defendant (same as the above) is required to pay the annual fee for property mortgage and interest thereon to the plaintiff, Zhi Sheng Group Holdings Limited, within five days from the date of entry into force of this judgement, and bear the attorney fees, acceptance fees, preservation fees, and other costs.

As of the date of this announcement, according to the aforementioned judgement, the defendant has not yet fulfilled the responsibilities and obligations undertaken. The Group will continue to take relevant measures to safeguard the interests of the Group.

In addition, the Group has been identifying other suitable location for relocation of the production base of the Group currently located at the Properties in case the Bank enforces the disposal rights. The Group's newly established Shangcheng Smart Home is also preparing to undertake a portion of the production capacity from the aforementioned production base.

* For identification purpose only

MANAGEMENT DISCUSSION AND ANALYSIS

SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

- I. Change of the maturity date of the 2024 Convertible Bonds from 26 February 2026 to 19 February 2025

During the Reporting Period, the Company entered into the supplemental deed poll to, subject to fulfilment of certain conditions, change the maturity date of the 2024 Convertible Bonds from 26 February 2026 to 19 February 2025 (with related consequential amendments as a result). Save for such amendments, all other terms and conditions of the 2024 Convertible Bonds remain unchanged, valid and in full force. For details of the amendments please refer to the Company announcement dated 2 September 2024.

- II. Completion of the subscription of new shares under the specific mandate on 20 December 2024

- (1) Connected transaction in relation to the subscription of new shares under the specific mandate

On 21 October 2024 (after trading hours), the Company and the Subscriber I entered into the Subscription Agreement I, pursuant to which, among others, the parties conditionally agreed that the Subscriber I shall subscribe for, and the Company shall allot and issue, the Subscription Shares I at the Subscription Price. The Subscription Shares I represent (i) approximately 36.37% of the total number of issued Shares as at the date of the announcement on 21 October 2024; (ii) approximately 26.67% of the total number of issued Shares as enlarged by the allotment and issue of the Subscription Shares I; and (iii) approximately 24.31% of the total number of issued Shares as enlarged by the allotment and issue of the Subscription Shares I and Subscription Shares II, assuming that there will be no changes in the total number of issued Shares between the date of the announcement on 21 October 2024 and the Completion Date. The Subscription Shares I have an aggregate nominal value of HK\$3,300,000. The Subscription Price is HK\$0.30 per Subscription Share, and the aggregate Subscription Price of all Subscription Shares I of HK\$9,900,000 payable by the Subscriber I shall be payable in cash upon completion of the Subscription I. As at the date of this announcement, the Subscriber I is wholly and beneficially owned by Mr. Lai, who is an executive Director, and is therefore a connected person of the Company under Chapter 20 of the GEM Listing Rules. Accordingly, the Subscription I constitutes a connected transaction of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

(2) Subscription of new shares under the specific mandate

On 21 October 2024 (after trading hours), the Company and the Subscriber II entered into the Subscription Agreement II, pursuant to which the parties conditionally agreed that the Subscriber II shall subscribe for, and the Company shall allot and issue, the Subscription Shares II at the Subscription Price. The Subscription Shares II represent (i) approximately 13.23% of the total number of issued Shares as at the date of the announcement on 21 October 2024; (ii) approximately 11.68% of the total number of issued Shares as enlarged by the allotment and issue of the Subscription Shares II; and (iii) approximately 8.84% of the total number of issued Shares as enlarged by the allotment and issue of the Subscription Shares I and Subscription Shares II, assuming that there will be no changes in the total number of issued Shares between the date of the announcement on 21 October 2024 and the Completion Date. The Subscription Shares II have an aggregate nominal value of HK\$1,200,000. The Subscription Price is HK\$0.30 per Subscription Share, and the aggregate Subscription Price of all Subscription Shares II of HK\$3,600,000 payable by the Subscriber II shall be payable in cash upon completion of the Subscription II.

The placing was approved by the Independent Shareholders by way of a special resolution passed on 13 December 2024, with the Independent Board Committee and the Independent Financial Adviser confirming that the terms of the transaction are fair and reasonable and in the interests of the Shareholders as a whole. The use of proceeds has not been adjusted as a result of the participation of related parties and the proceeds will be utilised strictly in accordance with the planned use as announced by the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

According to the announcement of the Company dated 20 December 2024, all conditions precedents of the Subscription Agreements have been fulfilled and the subscription of new shares under the specific mandate took place on 20 December 2024, and a total of 45,000,000 Subscription Shares have been allotted and issued to the Subscribers at the Subscription Price of HK\$0.30 per Subscription Share pursuant to the terms of the Subscription Agreements. The net proceeds from the Subscriptions, after deduction of relevant legal and advisory costs, will amount to approximately HK\$12,900,000 (the final actual net proceeds will be approximately HK\$12,938,000). In view of the conversion of the 2024 Convertible Bonds in the principal amount of HK\$2,480,000, the Company will change the use of the net proceeds from the Subscriptions, and apply (i) HK\$9.92 million for the repayment of the 2024 Convertible Bonds in the principal amount of HK\$9,920,000 held by the Bondholder A and (ii) approximately HK\$2,980,000 (the final actual amount will be approximately HK\$3,018,000) as the general working capital of the Group.

For specific details of the above matters, please refer to the announcements or notice issued by the Group on 21 October, 26 November and 20 December 2024, and the poll results of the extraordinary general meeting held on 13 December 2024.

- III. On 17 December 2024, the Company received a conversion notice from Rock Link Limited, being one of the bondholders of the 2024 Convertible Bonds in the principal amount of HK\$2.48 million and an Independent Third Party, exercising its rights to convert the 2024 Convertible Bonds at the conversion price of HK\$0.683 per conversion share (the "**Conversion**"). 3,631,039 conversion shares, representing approximately 4.00% of the total number of issued Shares immediately before the Completion and Conversion and approximately 2.61% of the total number of issued Shares enlarged by the Shares issued under the Subscriptions and Conversion, will be allotted and issued to Rock Link Limited. The completion of the Conversion took place on 30 December 2024.

Saved as aforesaid, the Group has no discloseable matters which are yet to be disclosed.

MANAGEMENT DISCUSSION AND ANALYSIS

EVENTS AFTER THE REPORTING PERIOD

- I. Reference is made to the announcements of the Company dated 2 June 2021, 2 August 2021 and 9 February 2024 and the circular of the Company dated 16 July 2021 relating to the grant of the Share Options to Mr. Lai and the adjustment to the Share Options as a result of the Share Consolidation, under which Mr. Lai is entitled to subscribe for up to 10,000,000 Consolidated Shares at the subscription price of HK\$3.5 per Share within the option period, being the period of 4 years commencing from the date of grant (i.e. 2 August 2021). Mr. Lai is an executive Director and holds 33,000,000 Shares, representing approximately 23.68% of the issued share capital of the Company, through his wholly-owned company, Lightning Cloud Ltd., as at the date of this announcement.

On 10 January 2025, the Company received a request from Mr. Lai for cancellation of the aforementioned Adjusted Share Options. The Company was indicated by Mr. Lai 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 Adjusted Share Options. As a result, the aforementioned share options have become lapsed since 10 January 2025.

- II. On 13 February 2025, Inner Mongolia Haoyang, an indirect wholly-owned subsidiary of the Company, participated in the bid for the acquisition of one parcel of industrial land located at Hohhot City, the Inner Mongolia Autonomous Region with an area of approximately 50,034 sq.m. and a term of use of 50 years, for which a refundable deposit of RMB13.2 million was paid. On 24 February 2025, a notice of successful transaction was received from the Hohhot Public Resources Trading Service Centre (呼和浩特市公共資源交易服務中心), confirming, among others, that Inner Mongolia Haoyang successfully bid for the Land Acquisition at an official initial price of RMB13,208,976 on 23 February 2025, and that the land use rights contract will be signed with the transferor before 3 March 2025.

The aforesaid Land Acquisition will enable the Group to build its own data centre, which is in line with the development strategy of the Group and can create long-term interests for the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

The aforesaid refundable deposit was, and the consideration (including the refundable deposit) if the bidding for the land use right of the Land is successful, will be financed by an unsecured interest-free loan facility of up to RMB14 million offered by Mr. Lai. As Mr. Lai is an executive Director and a substantial Shareholder and therefore a connected person of the Company, the financial assistance received by the Group from Mr. Lai constitutes a connected transaction under Chapter 20 of the GEM Listing Rules. However, as (i) it is conducted on normal commercial terms or better; and (ii) it is not secured by the assets of the Group, the provision of the financial assistance from Mr. Lai is a fully exempted connected transaction of the Company pursuant to Rule 20.88 under the GEM Listing Rules.

Please refer to the announcements of the Company dated 14 and 24 February 2025 for details of the discloseable transaction in respect of the acquisition of land use right and the financial assistance from a connected person.

- III. On 14 February 2025, the Company received a conversion notice from Billion Eggs Limited, being one of the bondholders of the 2024 Convertible Bonds in the principal amount of HK\$9.92 million, exercising its rights to convert the 2024 Convertible Bonds at the conversion price of HK\$0.683 per conversion share (the "**Conversion**"). 14,524,158 conversion shares, representing approximately 10.42% of the total number of issued Shares immediately before the Conversion and approximately 9.44% of the total number of issued Shares enlarged by the Shares issued under the Conversion, will be allotted and issued to Billion Eggs Limited. The completion of the Conversion took place on 19 February 2025.

In view of the Conversion, the Company will change the use of the net proceeds of HK\$9.92 million from the Subscriptions from the repayment of 2024 Convertible Bonds to general working capital of the Group.

The Board considers that such change of use of the net proceeds allows the Company to deploy its financial resources more flexibly and effectively and aligns with the current business needs of the Group. The Board believes that the change in use of proceeds will not have any material adverse effect on the existing business and operation of the Group and is in the interests of the Company and the Shareholders as a whole.

MANAGEMENT DISCUSSION AND ANALYSIS

Please refer to the announcement of the Company dated 17 February 2025 for details of the conversion of the 2024 Convertible Bonds and the change in use of proceeds from the Subscriptions.

As of the date of this announcement, saved as aforesaid, the Group has no discloseable matters which are yet to be disclosed.

INFORMATION ON EMPLOYEES

As at 31 December 2024, the Group engaged a total of 200 employees (31 December 2023: 137) including the Directors. For the six months ended 31 December 2024, total staff costs amounted to approximately RMB9.78 million (corresponding period in 2023: approximately RMB6.01 million), primarily attributable to the increase in total staff costs resulting from the newly established subsidiary, Shangcheng Smart Home. 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.

PLEDGE OF ASSETS

On 25 January 2022, the Company entered into an agreement with Yaobang Group to provide a parcel of land and buildings located in Chengdu City as pledge (the "**Pledge**") by the Company for a term of 36 months to assist Yaobang Group to obtain a facility of up to RMB60,000,000 from the Bank(s) for the acquisition, investment and/or development of data centre business in the PRC. An extraordinary general meeting of the Company was held on 12 April 2022, at which the said agreement and the transactions contemplated thereunder were approved, confirmed and ratified. For details of the agreement, please refer to the announcement of the Company dated 25 January 2022 and the circular of the Company dated 25 March 2022.

On 25 May 2022, a financing arrangement between Yaobang Group and the Bank(s) was finalised, which authorised its subsidiary to enter into a borrowing agreement with ICBC for a working capital amounted RMB45.0 million with a loan term of 12 months from the date of withdrawal (the "**Loan**").

MANAGEMENT DISCUSSION AND ANALYSIS

Due to the failure of the Borrower and its subsidiaries to repay the Loan when due, Sichuan Greenland, has received a written notice from the Bank(s) demanding Sichuan Greenland to observe and perform its obligations under the Pledge. On 16 January 2024, Dongguan Third Primary People's Court, Guangdong made a judgement confirming that the Bank has the right to enforce the pledge and sell the properties through auction to repay the Borrower's debt to the Bank. On 7 June 2024, the Dongguan Intermediate People's Court, Guangdong has upheld the original judgement, which constitutes the final judgement. For details, please refer to the voluntary announcements of the Company dated 2 June 2023 and 24 January 2024 in respect of the business update. For subsequent matters, please refer to the content set out in the subsection headed "OTHER MATTERS DURING THE PREVIOUS FINANCIAL YEARS" under the Management Discussion and Analysis section of this announcement.

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

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in the section headed "Events After the Reporting Period" under the section headed "Management Discussion and Analysis" of this announcement, as at the date of this announcement, the Group does not have any specific plans for material investments or capital assets. However, the Group will continue to seek investment opportunities to meet the Group's strategic development both domestically and internationally so as to enhance the Group's sustainable and stable development.

OTHER INFORMATION

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

As at the date of this announcement, the Group did not have any material disposals and acquisitions of subsidiaries and affiliated companies.

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

	As at 31 December 2024 RMB'000	As at 30 June 2024 RMB'000
Amount due to a related company:		
Other payable and accruals		
– SPV	6,863	14,776
	6,863	14,776

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

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

	July – December 2024 RMB'000	July – December 2023 RMB'000
Interest income from SPV	–	1,497

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

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

OTHER INFORMATION

AUDIT COMMITTEE

The Company established the Audit Committee (the “**Audit Committee**”) on 19 December 2016 with written terms of reference. The 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.

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. For details, please refer to the section headed “Change in Information of Directors” under the section headed “Other Information”.

The Audit Committee has reviewed the Group’s unaudited consolidated financial statements for the six months ended 31 December 2024. The Audit Committee is of the view that the unaudited consolidated results are in compliance with the applicable accounting standards, the GEM Listing Rules and other legal requirements, and that the sufficient disclosure was made.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted Rules 5.48 to 5.67 of the GEM Listing Rules as its own code of conduct (“**Code of Conduct**”) regarding securities transactions by the Directors. The Company has confirmed, having made specific enquiry of the Directors, that all the Directors have complied with the Code of Conduct throughout the six months ended 31 December 2024 and up to the date of this announcement.

CHANGE IN INFORMATION OF DIRECTORS

On 18 October 2024, (1) Mr. Yi Cong resigned as the Chief Executive Officer but remained as an executive Director; (2) Ms. Cao Shao Mu and Mr. Li Saint Chi Sainti resigned as independent non-executive Directors and no longer served as members of the Audit Committee, Nomination Committee, and Remuneration Committee; and (3) Ms. Chan Pui Shan and Mr. Lin Xiaodong were appointed as independent non-executive Directors and members of the Audit Committee, Nomination Committee, and Remuneration Committee. For further details, please refer to the Company’s announcement dated 18 October 2024.

On 23 December 2024, Mr. Lai Ningning, an executive Director, was appointed as the Chief Executive Officer of the Company. For further details, please refer to the Company’s announcements dated 23 and 24 December 2024.

OTHER INFORMATION

Save as disclosed above, for the six months ended 31 December 2024 and up to the date of this announcement, there was no change in the information of Directors required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

CORPORATE GOVERNANCE PRACTICES

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

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

Hong Kong, 27 February 2025

As at the date of this announcement, the executive Directors are Mr. Lai Ningning, Mr. Yi Cong, Mr. Liang Xing Jun and Mr. Ma Gary Ming Fai; the non-executive Director is Mr. Luo Guoqiang; and the independent non-executive Directors are Mr. Chan Wing Kit, Ms. Chan Pui Shan and Mr. Lin Xiaodong.

This announcement will remain on the Stock Exchange's website at www.hkexnews.hk, on the "Latest Company Announcements" page of the GEM website at www.hkgem.com for at least 7 days from the date of its posting and on the Company's website at www.qtbgj.com.