

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



2024/25

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

CONTENTS

	Page
ABOUT THIS REPORT	2
ESG GOVERNANCE	2
REPORTING APPROACH	3
STAKEHOLDERS ENGAGEMENT	5
A. ENVIRONMENTAL ASPECTS	6
A1. Emissions	7
A2. Use of resources	15
A3. The environment and natural resources	21
A4. Climate change	22
B. SOCIAL ASPECTS	24
EMPLOYMENT AND LABOUR PRACTICES	24
B1. Employment	24
B2. Health and Well-being	25
B3. Development and Training	28
B4. Labour Standards	31
OPERATING PRACTICES	32
B5. Supply Chain Management	32
B6. Product Responsibility	33
B7. Anti-Corruption	34
COMMUNITY	35
B8. Community Investment	35

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT FOR 2024/25

ABOUT THIS REPORT

Zhi Sheng Group Holdings Limited ("**Zhi Sheng**" or the "**Company**"), together with its subsidiaries (the "**Group**"), is pleased to present this report (the "**Report**") which provides an overview of the Group's management on significant issues affecting the operation, and the performance of the Group in terms of environmental and social aspects.

Both English and Chinese versions of the Report are available on the Company's website at www.qtbgj.com. If there is any conflict or inconsistency, the Chinese version shall prevail. Corporate governance section can be found in the Group's Annual Report 2024/25.

This Report illustrates the Group's initiative and performance regarding the environmental and social aspects during the reporting period covering the twelve months starting from 1 July 2024 to 30 June 2025 (the "**Reporting Period**").

ESG GOVERNANCE

Board's oversight of environmental, social and governance ('ESG') issues

The board of directors ("**Board**") has a primary role in overseeing the management of the Group's sustainability issues. During the Reporting Period, the Board and its senior management spent significant time in evaluating the impact of ESG-related risks on operation and formulating relevant policy in dealing with the risks. The oversight of the Board is to ensure the senior management has all the resources required to address the ESG issues in the context of strategy and long-term value creation.

To demonstrate commitment to transparency and accountability, the Group has established an ESG Task Force, which has clear terms of reference that set out the powers delegated to it by the Board. The Group highly values the opinions of each stakeholder and treats them as the cornerstone for the development of the Group.

The ESG Task Force is primarily responsible for reviewing and supervising the ESG process, and risk management of the Group. Different ESG issues are reviewed by the ESG Task Force which works together with the management on ESG governance and resolving different ESG issues.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT FOR 2024/25

MANAGEMENT APPROACH AND STRATEGY FOR MATERIAL ESG-RELATED ISSUES

In order to better understand the opinions and expectations of different stakeholders on our ESG issues, the Group conducted materiality assessment from time to time. We would ensure various platforms and channels of communication are used to reach, listen and respond to the key stakeholders. The feedbacks obtained allow the Group to make wiser decisions, and to better assess and manage the resulting impact.

The Group has evaluated the materiality and importance in ESG aspects through industry benchmarking, prioritization with stakeholder engagement, and validation based on results of communication among stakeholders and the management. These will constantly enhance our understanding of the stakeholders' level of concern and change of focus to each ESG issue, and enable us to more comprehensively plan our sustainable development work in the future.

BOARD REVIEW PROGRESS AGAINST ESG-RELATED GOALS AND TARGETS

The Group believes that effective communication about the goals and target process with key stakeholders such as employees is essential, as this enables them to have participation throughout the implementation process, and to feel they are part of the change that the Company aspires to achieve. In recent years, there has been a growing awareness among our employees of the importance of active engagement. Simultaneously, we have enhanced communication and collaboration with our business partners, including customers and suppliers. This has laid a solid foundation for us to achieve our ESG-related goals and targets.

REPORTING APPROACH

Reporting scope

The Group was engaged in two business segments, namely 1. Furniture business segment: manufacture and sale of furniture products to the local market in the People's Republic of China ("PRC"), including (1) Sichuan Greenland Furniture Co., Limited ("**Sichuan Greenland**") and its Wenjiang District Factory; and (2) Shangcheng Smart Home (Dongguan) Co., Ltd. (尚誠智能家居(東莞)有限公司) ("**Shangcheng Smart Home**"); and 2. Data center business segment: provision of data center facilities and management services in the PRC, being 北京萬諾通科技有限公司 (Beijing Wannuotong Technology Company Limited), the operating entity under Polyqueue Limited ("**WNT**"). As the Group's business activities involving land acquisition in respect of the construction of a data center to be commenced in Inner Mongolia remains in the preliminary stage of construction and has not yet started substantive operations, it has been excluded from the scope of reporting for the Reporting Period.

* for identification purposes only

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT FOR 2024/25

Preparation basis

This Report is prepared in accordance with Appendix 20 to the Rules Governing the Listing of Securities on GEM (the “**GEM Listing Rules**”) on The Stock Exchange of Hong Kong Limited – Environmental, Social and Governance Reporting Guide (the “**ESG Reporting Guide**”) and has complied with “comply or explain” provision in the GEM Listing Rules.

The Group will continue to optimize and improve the disclosure of KPIs by keeping records of the relevant data and monitoring the measures throughout the year. This Report summarizes the key performance indicators (“**KPIs**”) which are considered as material during the Reporting Period. This Report will be published in English and Chinese. In the event of any discrepancy or inconsistency, the Chinese version shall prevail.

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 compare 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 on this Report for its sustainability initiatives. Please contact us through email at admin@qtbgj.com.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT FOR 2024/25

STAKEHOLDERS ENGAGEMENT

The Group understands the success of the Group's business depends on the support from its key stakeholders. Continuous communication with key stakeholders is crucial for corporate development. The following table provides an overview of the Group's key stakeholders, and various platforms and methods of communication to reach, listen and respond.

Stakeholders	Issues of concern	Engagement channels
Government	<ul style="list-style-type: none"> • Compliance with laws and regulations • Promote regional economic development and employment 	<ul style="list-style-type: none"> • On-site inspections and checks • Regular dialogue and filings • Annual reports and other information published on website
Shareholders and Investors	<ul style="list-style-type: none"> • Return on investment • Transparent disclosure of information • Protection of interests and rights of shareholders 	<ul style="list-style-type: none"> • Annual general meeting and other shareholder meetings • Annual report, announcements and other published information • Company contact details on website and in reports, ensure all contact channels are in use and valid
Employees	<ul style="list-style-type: none"> • Safeguard the rights and interests of employees • Career development opportunities • Health and safety in working environment • Corporate data security 	<ul style="list-style-type: none"> • Direct electronic communication • Training, seminars and briefing sessions • Cultural and sport activities • Intranet and emails
Customers	<ul style="list-style-type: none"> • Safe and high-quality products • Stable relationship • Information transparency • Data privacy and security 	<ul style="list-style-type: none"> • Website, brochures and annual reports • Email and customer support hotline • Customer feedback forms
Suppliers/Business Partners	<ul style="list-style-type: none"> • Long-term partnership • Honest cooperation • Fair, open tendering process • Risk reduction • Compliance with environmental policies 	<ul style="list-style-type: none"> • Business meetings, supplier conferences, phone calls and interviews • Regular meeting • Review and assessment • Tendering process
Public and communities	<ul style="list-style-type: none"> • Community involvement • Social responsibilities 	<ul style="list-style-type: none"> • Employee volunteering • Charity and social investment

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT FOR 2024/25

A. ENVIRONMENTAL ASPECTS

The Group is committed to continuously improving the environmental sustainability of its businesses and ensuring that environmental consideration remains one of the keys focuses in fulfilling its obligations to both the environment and community. Recognizing the potential impacts of its businesses on the environment, the Group has established relevant emission reduction and energy saving initiatives to manage the emissions and minimize environmental impacts of its operations.

The Group strictly complies with the various environmental laws and regulations in the PRC, including the Environmental Protection Law of the People's Republic of China. During the Reporting Period, the Group did not identify any material non-compliance with relevant laws and regulations relating to air and greenhouse emissions, discharges into water and land, and generation of hazardous and non-hazardous wastes. Furthermore, we have made rectification and continuous improvement on any weak processes of control measures identified in the Previous Reporting Period, conducted in-depth reviews of projects that failed to meet energy conservation and emission reduction targets, and held relevant personnel accountable for targets that were not fulfilled due to subjective factors, which were aimed at achieving the ESG-related goals set by the Board.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT FOR 2024/25

A1. Emissions

- **Furniture Business Segment**

The furniture business segment is comprised of Sichuan Greenland and Shangcheng Smart Home. Being a responsible furniture manufacturer, the Company is committed to monitor and continuously improve all the emissions from environmental protection perspective, including but not limited to air pollutants, solid waste and waste water. The Company discharges pollutants in strict compliance with the permitted items as stipulated in the "Pollution Discharge Permit", while strictly observing various management requirements outlined in the Permit. It cooperates with local ecological and environmental authorities for supervision and inspections, providing accurate information and relevant data. The Company maintains high standards for environmental protection throughout the stages of raw material procurement, production and manufacturing, as well as sales and transportation. Specifically: Sichuan Greenland has established an environmental management system that meets regulatory requirements, and has obtained the environmental management system certification (GB/T 24001-2016/ISO14001:2015) and product certification (China Environmental Protection Certification) from the China Quality Certification Center, as well as other certifications, including the China Environmental Labeling Product Certification, China Environmental Labeling (Type II) Product Certification, Furniture Product Hazardous Substance Limitation Certification, and Low VOCs Furniture Product Certification issued by the China Environmental United Certification Center Co., Ltd. (中環聯合（北京）認證中心有限公司), as well as the Green Supply Chain Management System Certification (Five-Star Rating) and the Environmental Guardian Product Evaluation Certification from the Zhongtai Union Certification Co., Ltd. Shangcheng Smart Home is an upholstered furniture manufacturing enterprise, and is mainly engaged in the manufacture of sofas, sofa beds and other upholstered furniture products, which is classified as an enterprise where "furniture manufacturing construction projects annually using non-solvent-based coatings with low VOCs content below 10 tons are not subject to environmental impact assessment management", according to item 36 of the "Catalogue for 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)》), and is therefore not included in environmental impact assessment management. However, it will still strictly implement relevant environmental protection measures to prevent environmental pollution and ecological damages.

The Company has other air pollutant emissions such as the release of noxious gases generated during paint spraying, dust generated during sanding, and solid hazardous waste including discarded paint buckets and used activated carbon. As Shangcheng Smart Home does not require a paint booth in its production process, while Sichuan Greenland has ceased the production operation of its paint booth and instead outsourced the processing of semi-finished products to external suppliers to further meet the high environmental protection standards of local environmental authorities during this Reporting Period, the Company no longer had hazardous gases generated during paint spraying and solid hazardous waste during this Reporting Period.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT FOR 2024/25

Apart from its manufacturing operation, the Company has its own vehicle fleet for transportation and delivery of small to medium size end products to clients. During the past few years, the Company downsized its vehicle fleet and replaced all small trucks fueled by diesel oil with electric truck powered by electricity. For delivery of large size products, the Company outsourced to external logistic companies. This Report did not cover the relevant pollution caused by external logistic companies because relevant data was out of the Company's radar.

The Company has also taken initiatives in recent years to formulate actions to remediate emissions of air pollutant and greenhouse gas emissions ("**GHG**"), and it has also made adjustments regularly according to the actual situation so that more effective measures can be taken to control the emissions of air pollutants and greenhouse gas, including but not limited to:

A qualified environmental testing company was engaged to carry out regular testing to ensure the air pollutant emissions comply with relevant national standards;

The dust collector was installed for every wood cutting and drilling table, and 2 sets of new dust collection cabinets were acquired during the Previous Reporting Period to reduce dust emission during wood cutting and drilling;

Central vacuum and purification systems which were upgraded during the Reporting Period were set up to constantly provide fresh air and reduce potential risks of fire or explosion as well as dilute air pollutants;

A dedicated collection room for general solid waste was established to centralize the disposal of non-recyclable waste materials;

All diesel-oil small trucks were replaced with electric truck to reduce GHG;

The paint booth of Sichuan Greenland has continued to adopt improvement measures in previous years, including but not limited to: adopting a water curtain spraying booth and building a paint recycling tank to reduce the emission of volatile organic compounds with activated carbon and recycled water. The treatment of paint waste gas treatment has been upgraded, transforming from a single activated carbon treatment to a plasma + UV photo-oxygenation + ionization + activated carbon composite treatment to reduce VOC emissions;

During the Reporting Period, the production and operation of the paint booth have been officially ceased. Therefore, the Company no longer has hazardous gas emissions and solid hazardous waste generated during the paint spraying process.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT FOR 2024/25

- **Data Center Business Segment**

Our data center business segment currently refers to WNT. Due to the nature of its business, WNT's operation does not directly generate industrial pollutants and hence it did not incur direct cost of compliance with applicable environmental protection laws. The main sources of GHG will be the electricity and domestic water used for its back office.

As the master lease agreement of the data centers signed between WNT and the landlord covered both rental cost and certain level of electricity usage, WNT did not have any separate record about its electricity usage at data centers. This Report therefore did not cover the incidental emission incurred by data centers.

Air pollutant emissions during the Reporting Period were as follows:

- **Furniture Business Segment**

Air Pollutants	Unit	2025	2024
		(12 months up to 30/6/2025)	(12 months up to 30/6/2024)
Nitrogen oxides (NO _x)	g	2,301.8	4,639.3
Sulfur dioxide (SO _x)	g	65.2	78.7
Particulate matter (PM)	g	170.4	393.4

During the past few years, the local government initiated stringent requirements on diesel-fueled vehicles with heavy penalty measures for Sichuan Greenland. With environmental concerns and to avoid violation of the said requirements, the Company downsized its vehicle fleets and replaced its small diesel-fueled trucks by electric truck. The emissions of air pollutants from the Company during the Reporting Period significantly decreased by 50.4% mainly due to significant business reduction as a result of the underperformance of Sichuan Greenland. Furthermore, Shangcheng Smart Home was newly incorporated and did not purchase vehicles or diesel forklifts during the Reporting Period, and therefore did not have the air emissions listed in the table above. In addition, The Group encourages its management team and employees to use video conferences and telephone conferences, and travel by train when it is necessary to go on business trips, so as to reduce the use of company vehicles and business travelling which will generate significant GHG emissions.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT FOR 2024/25

The above data indicates that the air pollutant emission control target by “a further reduction of over 8%” set for 2025, as established last year, has been significantly overachieved. In the next phase, the Company will continue to explore the potential for reducing emissions of air pollutants and greenhouse gases. The aforementioned significant year-on-year decrease in emissions was mainly caused by significant business reduction as a result of the underperformance of Sichuan Greenland. With Sichuan Greenland’s business volume rebounding due to economic recovery, air pollutant emissions are expected to increase as compared to that in the Previous Reporting Period. Therefore, as for air pollutant emission control target for the next reporting period, the Company intends “to remain at the level of the current reporting period”, and will endeavour to achieve this target.

- **Data Center Business Segment**

Our data center business segment mainly refers to WNT. By nature of its service-type business, WNT’s operation does not directly generate industrial pollutants.

GHG Emissions

Giving the majority of the GHG emissions of the Group come from energy consumption, the Group tackles its carbon footprint by reducing energy consumption. Policies and procedures to encourage energy saving, are incorporated throughout the manufacturing process and the administrative office system in order to reduce the GHG emissions.

The Group is responsible to track and report various metrics to ensure that these policies and procedures are effective, including GHG emission, direct emissions (Scope 1) and indirect emissions (Scope 2), and emission intensity.

The GHG emissions during the Reporting Period were as follows:

- **Furniture Business Segment**

GHG Emission	Unit	2025 (12 months up to 30/6/2025)	2024 (12 months up to 30/6/2024)
Scope 1 ¹	tonnes of CO ₂ -e	12.0	14.4
Scope 2 ²	tonnes of CO ₂ -e	285.5	238.9
Total GHG emission	tonnes of CO₂-e	297.5	253.3
GHG emission intensity	tonnes of CO ₂ -e/ unit of production	7.78	7.80

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT FOR 2024/25

Total GHG emissions increased by 17.4%, and the GHG emission intensity decreased by 0.3% during the Reporting Period as compared to that in the Previous Reporting Period. This was mainly due to:

- (i) the fact that the Company reduced its fleet size and replaced small diesel-fueled trucks with electric trucks (Scope 1);
- (ii) the fact that the Group encouraged its management team and employees to use video conferences and telephone conferences and to travel by train when it is necessary to go on business trips so as to reduce the use of company vehicles and business travelling (Scope 1);

The combined effect of (i) and (ii) above resulted in a decrease in direct emissions from sources owned or controlled by the Company during the Reporting Period.

- (iii) the fact that during the Reporting Period, as a result of the downturn in the furniture industry, the decreased operating revenue of Sichuan Greenland led to a significant year-on-year decline in total production volume. However, due to the incorporation of Shangcheng Smart Home, its newly added production volume exceeded the reduced production volume of Sichuan Greenland, resulting in a higher consumption of purchased electricity and an increase in total GHG emissions year-on-year during the Reporting Period (Scope 2);
- (iv) the fact that the increasing proportion of self-produced products by Sichuan Greenland on a year-on-year basis led to an increase in electricity consumption per unit of output value, which resulted in a year-on-year increase in GHG emission intensity. The software furniture produced by Shangcheng Smart Home has lower electricity consumption per unit of output value compared to Sichuan Greenland, which collectively led to an overall year-on-year decrease in total GHG emission intensity (Scope 2).

Although the overall GHG emission intensity decreased by 0.3% as compared to the Previous Reporting Period, the control target set in the Previous Reporting Period to "further reduce the GHG emission intensity by more than 5% by 2025" was not achieved as scheduled, the reasons of which are set forth above. In the next phase, the Company will continue to practise the concept of green environmental protection and explore the potential for further reducing the GHG emission intensity. The Company's target is set to "further reduce the GHG emission intensity by more than 3% by the next Reporting Period", subject to variation in sales product mix from time to time and the proportion of self-produced products in sales.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT FOR 2024/25

- **Data Center Business Segment**

GHG Emission	Unit	2025	2024
		(12 months up to 30/6/2025)	(12 months up to 30/6/2024)
Scope 1 ¹	tonnes of CO ₂ -e	N/A	N/A
Scope 2 ²	tonnes of CO ₂ -e	5.53	5.36
Total GHG emission	tonnes of CO₂-e	5.53	5.36
GHG emission intensity	tonnes of CO ₂ -e/ unit of production	N/A	N/A

For our data center business segment, WNT, as a service provider, it did not own any vehicle fleet and hence it did not consume any petrol or diesel during the Reporting Period. As such, neither GHG emission under scope 1 nor the GHG emission intensity is applicable.

Total GHG emissions for WNT come from its electricity consumption in offices. In terms of tonnes of CO₂-e, it increased from 5.36 in the Previous Reporting Period to 5.53 in the Reporting Period. The 3.1% year-on-year increase was attributable by a year-on-year increase in overtime work arranged by the Company.

In the previous year, WNT set “a further reduction target by 2% reduction in the total GHG emission by 2025”, which was not achieved. Currently, the Company aims to “further reduce its total GHG emission by 3% by the next Reporting Period”. A higher target may not be feasible as there is basic energy consumption level in running an office with current scale.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT FOR 2024/25

Hazardous Waste and Non-Hazardous Waste

The Group's hazardous waste and non-hazardous waste mainly come from the production activities of the furniture business segment. They are generally categorized into hazardous waste, production waste and domestic waste, each with its specific handling procedures.

- Furniture Business Segment**

For hazardous waste, Sichuan Greenland handled it with due care and according to the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste 《中華人民共和國固體廢物污染環境防治法》. The Group has engaged a qualified waste collection company to handle and collect the hazardous waste produced so as to minimize the impact on environment.

During the Reporting Period, the storage of hazardous wastes was as follows:

		2025 tonnes (12 months up to 30/6/2025)	2024 tonnes (12 months up to 30/6/2024)
Hazardous waste	Composition		
Residual paint waste	Benzene, Xylene, Toluene	0.00	5.68
Organic solvent waste	Toluene, n-Hexane, Xylene	0.00	0.21
Organic mineral oil-based waste	PAHs, BTEX, Alkane, Alkene, phenol	0.00	0.00
Paint bucket waste	Benzene, Xylene, Toluene	0.00	1.76
Activated carbon waste	Benzene, Xylene, Toluene	0.00	0.93
Total Hazardous waste		0.00	8.57
Hazardous waste intensity	tonnes/unit of production	0.00000	0.00026

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT FOR 2024/25

During the Reporting Period, Shangcheng Smart Home did not require the establishment of a paint booth during its production process. To further meet the high standards set by the local environmental protection authorities regarding environmental protection, Sichuan Greenland had ceased the production and operation of its paint booth during the Reporting Period, with disposal of all solid hazardous wastes generated completed in the Previous Reporting Period. Therefore, during the Reporting Period, the Company no longer generated hazardous gas emissions and solid hazardous wastes from the spray-paint spraying process. The data for remaining paint waste, organic solvent waste, organic mineral oil waste, waste paint drums, activated carbon waste, etc., were all zero during the Reporting Period.

For non-hazardous waste, our furniture business segment has production wastes such as waste boards, wooden offcuts or debris, sponge waste, packaging materials, and others, all of which are by-products of the manufacturing process. For domestic wastes, they are collected and handled after waste sorting and disposed through local environmental and hygiene department. Besides, Sichuan Greenland has set up a recycling materials control center in the factory area to collect statutory hazardous waste and recyclable wastes.

During the Reporting Period, our furniture business segment produced about 163 tonnes of non-hazardous waste as compared with about 126 tonnes in last year, representing an increase of about 29.4% as compared to the data in the corresponding period last year. During the Reporting Period, Shangcheng Smart Home was incorporated to our furniture business segment, and its newly added total production volume exceeded the reduced production volume of Sichuan Greenland, leading to a year-on-year increase in non-hazardous waste generated during the Reporting Period.

As the Company no longer generates hazardous gas emissions and solid hazardous wastes from the spray-paint spraying process, with the effective implementation of waste reduction policy by the Group, our furniture business segment has set a reduction target by “more than 5% reduction as compared to the Reporting Period in non-hazardous waste generation in the next Reporting Period”, which, however, will be subject to changes in sales scale and sales product mix from time to time.

- **Data Center Business Segment**

Due to the nature of its service-type business, our data center business segment including WNT did not directly generate hazardous waste. For non-hazardous wastes, such as domestic waste found in office, the Company sorted them by using different categories of rubbish bins. Then they will be collected and handled by local environmental and hygiene department.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT FOR 2024/25

A2. Use of resources

Efficiency in use of resources will significantly affect resources preservation and the indirect emission of gases to the environment. The Group has adopted a set of guidelines to efficient use of energy, water and other materials for long-term sustainability.

"Green Policy" is in place to encourage employees to take part in energy saving in office:

- | | |
|----------------------|---|
| Energy Saving | <ul style="list-style-type: none">• Energy efficiency guidelines and energy saving signs are in office and factory areas;• "Light-less policy" by turning off the lights during lunch hour and after office hour; and• Room temperature controls to reduce the use of air conditioner |
| Water saving | <ul style="list-style-type: none">• Environmental friendly equipment is installed in the factory area to recycle processed water;• Water taps should be turned off right after use;• Running, dripping and long-flowing water are avoided to save water; and• Water pipes are checked regularly to prevent water leakage and wastage |

The Group believes that increasing environmental awareness is the basis for energy reduction initiative. Therefore, trainings and educational activities are provided to enhance employees' energy-saving awareness. Going forward, the Group will consistently seek ways to improve energy efficiency and reduce energy consumption in the operation.

During the Reporting Period, the Group continued with the policy for the Previous Reporting Period:

- (i) monitored daily water consumption more closely by observing the water consumption as shown on water meters on a daily basis and promptly investigated and analyzed the causes of any abnormalities in water consumption;
- (ii) enhanced the daily management of electricity consumption for production as well as domestic electricity consumption by checking whether the lighting and power supply in the workshops are switched off after work, and switching off the lighting and office and domestic facilities when there is no one in the office area. The Group also enhanced the utilization efficiency of production equipment and to use several equipments at the same time where practicable so as to reduce the utilization rate of environmental protection equipment, such as the central dust collection equipment, and to prevent the equipment from idling.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT FOR 2024/25

Energy

During the Reporting Period, the energy consumption was summarized in the table below.

- Furniture Business Segment*

Energy Usage	Unit	Usage		Density Per unit of production in million	
		2025	2024	2025	2024
		(12 months up to 30/6/2025)	(12 months up to 30/6/2024)	(12 months up to 30/6/2025)	(12 months up to 30/6/2024)
Purchased electricity	MWh	439.23	367.59	11.48	11.3
Petrol	Litre	4,235.94	4,943.78	110.72	152.3
Diesel	Litre	184.45	376.66	4.82	11.60

During the Reporting Period, consumption of purchased electricity increased by 19.5% as compared to that in the Previous Reporting Period, while electricity consumption intensity increased by 1.4% as compared to that in the Previous Reporting Period, mainly attributable to: the incorporation of Shangcheng Smart Home, whose new total production volume exceeded the decreased production volume of Sichuan Greenland due to business contraction, leading to an increase in purchased electricity consumption as compared to that in the Previous Reporting Period; and the changes in sales product mix, leading to an increase in electricity consumption intensity as compared to that in the Previous Reporting Period.

During the Reporting Period, petrol usage decreased by 14.3% as compared to that in the Previous Reporting Period, while petrol consumption intensity decreased by 27.3% as compared to that in the Previous Reporting Period. This was mainly attributable to: the significant business reduction of Sichuan Greenland, which led to a smaller fleet size, and Shangcheng Smart Home did not purchase vehicles. The Group encouraged its management team and employees to use video conferences and telephone conferences and to travel by train when it is necessary to go on business trips so as to reduce the use of company vehicles and business travelling.

During the Reporting Period, diesel usage decreased by 51.0% as compared to that in the Previous Reporting Period, while diesel consumption intensity decreased by 58.4% as compared to that in the Previous Reporting Period. This was mainly attributable to: the local government imposing stricter requirements on diesel vehicles, prompting the Company to replace small diesel-fueled trucks with electric trucks. Currently, diesel fuel is only used in forklift trucks within the plant premises, and Shangcheng Smart Home did not purchase diesel forklift trucks.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT FOR 2024/25

The control target from the Previous Reporting Period was “a further reduction target by more than 5% reduction in its energy usage by 2025”. The above data indicates that the petrol and diesel energy consumption targets have been significantly overfulfilled, but the electricity energy consumption target has not been met. In the next stage, the Company will continue to explore the potential for reducing energy consumption by optimising production processes. The Company’s target is “to reduce energy consumption intensity by more than 3% as compared to that in the Previous Reporting Period by the next Reporting Period”.

- *Data Center Business Segment*

Energy Usage	Unit	Usage	
		2025 (12 months up to 30/6/2025)	2024 (12 months up to 30/6/2024)
Purchased electricity	MWh	8.5	8.25
Petrol	Litre	NA	NA
Diesel	Litre	NA	NA

As mentioned in previous section, due to the master lease agreement for data centers entered into by WNT and the landlord covering rental costs and certain electricity consumption, WNT did not own any data centers and hence it did not have any separate record about its electricity usage at data centers. The electricity consumption of WNT’s office (back office for the data centers) was minimal and hence the computation of the relevant density per unit of production (or service unit) was not prepared. Besides, WNT did not have its own vehicle fleet and hence it did not consume any petrol nor diesel during the Reporting Period.

WNT had increased its purchased electricity consumption by 3.0% during the Reporting Period if compared with the data in the Previous Reporting Period, and did not achieve the target of “a further 2% reduction in electricity consumption by 2025” set last year, which was attributable to the year-on-year increase in the Company’s overtime hours. WNT aims to “reduce electricity consumption by 3% by the next Reporting Period as compared to the Previous Reporting Period”. A higher target may not be feasible, as there is a basic level of energy consumption for operating the office at its current scale.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT FOR 2024/25

Water

During the Reporting Period, water consumptions were as follows:

- Furniture Business Segment*

Water	Unit	2025 (12 months up to 30/6/2025)	2024 (12 months up to 30/6/2024)
Total water consumption	m ³	7,763.00	2,017.90
Water consumption intensity	m ³ /unit of production in million	202.92	62.16

During the Reporting Period, the total water consumption of the furniture business segment increased by 284.7% as compared to that in the Previous Reporting Period, while the water consumption intensity increased by 226.5% as compared to that in the Previous Reporting Period. This was mainly attributable to: (i) the newly incorporated Shangcheng Smart Home had a total water consumption of 5,600 cubic meters during the Reporting Period, which was mainly for the provision of domestic water for staff, and its water consumption intensity was 263.49 cubic meters per unit of production (RMB million), which was significantly higher than that of Sichuan Greenland; (ii) the total water consumption of Sichuan Greenland increased by 7.2% during the Reporting Period as compared to that in the Previous Reporting Period, which was mainly due to the water leakage incident caused by ageing water pipes during the Reporting Period.

As the factory is located in an industrial zone with proper infrastructure provided by the local government, the Company does not have any issue in sourcing water that is fit for purpose. Environmental-friendly equipment is installed with water curtain spraying booth in the factory area of Sichuan Greenland to filter and recycle processed water, which allows the Company recycle and not to discharge the processed water away to the waste water drainage.

The above data indicates that the target set in the Previous Reporting Period was not achieved, where "the Company will strive to further reduce its water consumption intensity by more than 5% by 2025". The Company will take practical measures to prevent the reoccurrence of water leakage incidents, and will continue to strengthen its day-to-day water monitoring, striving to achieve "a reduction of approximately 5% in water consumption intensity as compared to that in the Previous Reporting Period".

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT FOR 2024/25

- Data Center Business Segment*

Water	Unit	2025	2024
		(12 months up to 30/6/2025)	(12 months up to 30/6/2024)
Total water consumption	m ³	2.30	2.60
Water consumption intensity	m ³ /unit of production in million	N/A	N/A

For our data center business segment including WNT, water consumed was mainly for daily drinking water, office use and the dollar amount was insignificant. Water consumption intensity was not applicable to WNT given its back-end office use nature.

As mentioned, WNT operated a small office and its water consumption was stable and minimal. It aims to maintain current water consumption level in the next 3 years.

Packaging Materials

Packaging materials are mainly used during the process of production, packaging and transporting the furniture goods.

- Furniture Business Segment*

The breakdown of packaging materials usage was as follows:

Packaging Materials	Quantity (piece)		Density piece/cost of production in million	
	2025	2024	2025	2024
	(12 months up to 30/6/2025)	(12 months up to 30/6/2024)	(12 months up to 30/6/2025)	(12 months up to 30/6/2024)
Woven bags	34,082	7,790	890.88	239.95
Corner articles	16,465	12,429	430.38	382.84
Rolls for binding	10,770	2,064	281.52	63.58
Cardboard boxes	54,873	21,392	1,434.34	658.92

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT FOR 2024/25

During the Reporting Period, packaging materials usage increased significantly as compared to the data in the Previous Reporting Period. This was mainly attributable to: (i) Shangcheng Smart Home newly incorporated during the Reporting Period is principally engaged in the production of sofa beds, sofas and other products for the time being, which are significantly different from those produced by Sichuan Greenland, as its core customers are export traders. As a result, final products are required to meet the stringent packaging standards of the international market, including requirements for moisture-proof, shock-proof and environmental certification, and many components need to be separately packaged, hence requiring a larger quantity of packaging materials; and (ii) Sichuan Greenland's total production volume decreased due to the contracted demand in the domestic market, resulting in a corresponding reduction in packaging materials usage.

It is conspicuous from the above that the target of "5% reduction in packaging material intensity by 2025" set in the Previous Reporting Period was not achieved, the reasons of which are set forth above. For the next Reporting Period, the Company's new target has been adjusted to "3% year-on-year reduction in an packaging material intensity", which will be achieved by optimising packaging designs and seeking alternative packaging materials.

Data Center Business Segment

Due to the service-type business nature, our data center business segment including WNT did not use any packaging materials during the Reporting Period.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT FOR 2024/25

A3. The environment and natural resources

Save for the previously mentioned aspects, the Group is committed to further minimizing negative environmental impacts of its business operations, assesses the environmental risks of its business model regularly, and adopts preventive measures to reduce risks and ensures compliance with relevant laws and regulations.

Source of raw materials

As a furniture manufacturer, the raw material of our end products is mainly artificial wood. To show our commitment in protecting forest and mitigating environmental impacts, the Company exclusively procures wood raw materials from suppliers who possess qualifications and licenses that comply with current government regulations. Our commitment to green and environmental principles is evident in our stringent selection process for raw material suppliers. We require suppliers to provide environmental management system certificates or product environmental reports, quality management system certificates, and quality inspection reports for evaluation. Prior to admission of materials to our warehouses, product qualification certificates and quality inspection reports are carefully examined. Our aim is to minimize environmental impact right from the stage of raw materials sourcing.

For further details on raw materials management, please refer to the section headed “B5. Supply Chain Management”.

Enhancement on environmental awareness

To enhance the environmental management system, the Group provides related training to its employees, including environmental awareness, standards and guidelines, so that employees can understand and are able to conduct environmental management system implementation and maintenance work. The main objectives are to reduce generation and emission of pollutants, promote the conservation of energy sources and raw materials, and achieve the goal of effective use of resources and environmental protection.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT FOR 2024/25

Air pollutant control and noise control

In order to monitor the emission of pollutants from the furniture business segment, the Group engages qualified third-party professionals to conduct annual testing of air pollutants and noise levels of Sichuan Greenland. Samples are taken from key areas such as the machinery zone for air pollutant and noise testing. The testing data indicates that the assessment results of air pollutants and noise levels were satisfactory. During the Reporting Period, Sichuan Greenland ceased the production and operation of its paint booth, and therefore there are no longer any hazardous gas emissions or solid hazardous waste generated during the paint spraying process. While we are not required to engage qualified third parties for testing domestic wastewater according to the regulations of the "Pollution Discharge Permit", nevertheless, we discharge pollutants in strict compliance with the permitted items as stipulated in the "Pollution Discharge Permit", while strictly observing various management requirements as stipulated therein.

Shangcheng Smart Home is an upholstered furniture manufacturing enterprise, which is classified as an enterprise where "furniture manufacturing construction projects annually using non-solvent-based coatings with low VOCs content below 10 tons are not subject to environmental impact assessment management", according to Item 36 of the Catalogue for 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)》). However, it will still strictly implement relevant environmental protection measures to prevent environmental pollution and ecological damages.

A4. Climate change

Climate change is a risk to the businesses and it is also an opportunity for long-term value creation. It will continuously act as a key driver in our long-term strategic business decisions.

Potential risks associated with the climate change that might impact our business include:

- Laws and regulations which could lead to increased costs for electricity that we require to conduct business operations.
- Potential physical impacts of climate change on our operations, which might include changes in rainfall and storm patterns and intensity.
 - (i) Acute risks: damages to physical assets resulting from extreme thunderstorm weather (roof leakage, short circuits in power distribution facilities, and fire hazards), and operational disruptions (production stagnation caused by internal flooding).
 - (ii) Chronic risks: potential impacts of long-term changes in precipitation patterns on infrastructure durability.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT FOR 2024/25

There are several ways to address these risks which include:

- Robust enterprise risk management and strategic planning: the governance structure provides the necessary opportunities for the Board of Directors to exercise their oversight responsibilities with respect to strategy and risk, including impact of climate change on the businesses. The following measures are adopted to achieve management objectives:
 - (i) to establish an instant weather monitoring system, linking to the park's climate early warning mechanism;
 - (ii) to allocate flood control emergency supplies (such as sandbags, drainage pumps);
 - (iii) to incorporate annual flood control inspections into the ESG evaluation process, focusing on assessing the performance and leak-proof level of drainage systems (roof/ground pipes);
 - (iv) to implement materials storage risk control (prohibition of placement/covering in leakage areas) to avoid supply chain interruptions;
 - (v) to strengthen daily environmental health and safety inspections, highlighting power supply/door and window sealing procedures before extreme weather;
 - (vi) to integrate government early warning response mechanisms into the ESG governance structure to ensure cross-departmental emergency collaboration.
- Environmental initiatives as mentioned in the A1.Emissions section to reduce our contribution to global carbon emissions that potentially exacerbate climate-related risks. Continuous efforts are to be made to the existing environmental protection policy and the "Green Policy" including improving energy and water efficiency the group, reducing air pollutant emission, protection of natural resources etc.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT FOR 2024/25

B. SOCIAL ASPECTS

EMPLOYMENT AND LABOUR PRACTICES

The Group believes that employees play a vital role in company development and profitability, and we are deeply committed to those who are or had been affected by our business. We are powered by people and we are committed to enable our employees with appropriate tools and support to be successful in each of their respective roles.

Employment policies are formally documented in the Employee Handbook, covering recruitment, remuneration and benefits, promotion and dismissal, equal opportunities and anti-discrimination, etc. The Group periodically reviews existing policies and employment practices to ensure continuous improvement of its employment standards.

B1. Employment

The Group is committed to establish a close relationship with employees and provide a favourable working environment where our employees can thrive. We have established a set of human resources management policies in order to comply with relevant labour laws and regulations including the Labour Law of the PRC.

During the Reporting Period, no non-compliance regarding employment was noted.

Promotion and Performance Appraisal

The Group assesses performance of employees on an annual basis, the results of which are used in their annual salary review and promotion appraisal. The Group also gives preference to internal promotion to encourage consistent and continuous effort.

Employee composition

As at 30 June 2025, total number of employees of the Group was 191, in which 101 (30 June 2024: 125) was under Sichuan Greenland of the furniture business segment and 79 was under Shangcheng Smart Home, which was newly incorporated to the furniture business segment during the Reporting Period, and 11 (30 June 2024: 11) was under the data center business segment including WNT. The above data for both years did not include the six members of the Board at the Hong Kong headquarters. The decrease in employee numbers of Sichuan Greenland was primarily due to the low capacity utilization rate of the Company as a result of the downturn persisting in the furniture industry as well as natural attrition. Meanwhile, some positions have been merged in order to save labour costs and no new employees are required to replenish the workforce for the time being.

All employees of the Group are full time workers. Below is the detailed breakdown of the number of employees by gender, age group and work location.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT FOR 2024/25

The employees' turnover rate during the Reporting Period was as follows:

	Total Workforce (Number/Percentage)		Turnover Rate	
	2025	2024	2025	2024
	(12 months up to 30/6/2025)	(12 months up to 30/6/2024)	(12 months up to 30/6/2025)	(12 months up to 30/6/2024)
By gender				
• Male	142/74%	97/71%	14%	27%
• Female	49/26%	39/29%	23%	37%
Total	191/100%	136/100%	17%	30%
By age group				
• Age 35 or below	30/16%	10/7%	27%	58%
• Age 36–45	66/34%	39/29%	14%	36%
• Age 46–55	72/38%	68/50%	15%	24%
• Age 56 or above	23/12%	19/14%	15%	10%
By geographical region				
• Sichuan	98/51.3%	120/88.2%	16%	29%
• Chongqing	3/1.6%	5/3.7%	40%	64%
• Beijing	4/2.1%	5/3.7%	0%	17%
• Shanghai	7/3.7%	6/4.4%	0%	0%
• Guangdong	79/41.3%	0/0%	19%	0%

B2. Health and Well-being

The safety and well-being of employees are our core concern. For safety at workplace, we provide staff with driving safety and fire prevention courses. These courses were to ensure that all employees are familiar with fire emergency procedures and hold fire drills.

During the Reporting Period, Sichuan Greenland, as part of the furniture business segment, recorded a work-related accident in which one person was injured and 2 working days were lost; Shangcheng Smart Home recorded a work-related accident in which one person was injured and 30 working days were lost. In the Previous Reporting Period, Sichuan Greenland recorded a work-related accident in which one person was injured and 9 working days were lost. The Company has thoroughly reviewed the causes of the work-related accidents to prevent similar incidents from recurring.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT FOR 2024/25

Due to the nature of the furniture manufacturing industry, dust and chemical gases are emitted during the production process and they are harmful to employee's health. The Company will prioritise safety education and training for employee training each year (accounting for approximately 50% of the training hours during the Reporting Period), so that every employee has a strong awareness of safety measures and precautions. Masks or gas masks are provided to workers in factory site for protection during the production. Department heads will conduct site investigations from time to time. During the Reporting Period, the production and operation of the paint booth officially ceased, and the Company no longer has harmful gas emissions or solid hazardous waste generated from the paint spraying process. The Company has also obtained environmental management system certification (GB/T 24001-2016/ISO14001:2015) and occupational health and safety management system certification (GB/T 45001-2020/ISO45001:2018) from the China Quality Certification Center, signifying that the Company has received recognition from professional organizations for its expertise in environmental management and occupational health and safety management.

Work-life balance

The Group provides a range of facilities to ensure balanced and healthy lifestyle of its employees. Sports grounds and canteens are offered in the factory site. For those who are far away from their hometown, we also provide them with dormitories and necessary logistical support. In addition, we organize activities to enhance employees' loyalty and to promote harmony among employees.

Diversified communication channels

All employees and management of the Group can conduct horizontal or vertical communications through multi-communication channels, such as emails, forums, bulletin boards and other channels. If employee has complaints about work, the Company will arrange face-to-face communication with department heads while complaints can be submitted to relevant parties or departments as well. If the person or the department being complained cannot provide satisfactory solutions, the complaints will be submitted to higher level to ensure explicit feedbacks.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT FOR 2024/25

Maternity leave and childcare leave

The Group regards employee health and family well-being as the core of its ESG strategy, and therefore continues to improve its maternity support system. In accordance with international labour standards and local regulations, we provide the following safeguards for employees during their pregnancy and maternity:

- (i) Maternity leave protection: female employees are entitled to not less than 98 days of paid maternity leave (including pre-natal leave). In cases of difficult childbirth or multiple births, the leave period will be extended in accordance with the law to ensure the health and rights of both mother and child.
- (ii) Childcare leave support: male employees are entitled to 7 days of paid paternity leave, encouraging their participation in childcare responsibilities and promoting gender equality within families.
- (iii) Special care mechanism: pregnant and breastfeeding employees will be entitled to position adjustments and work intensity optimisation, with high-risk operations strictly prohibited to ensure the safety of both mother and child.
- (iv) Health promotion program: we provide health management guidance and psychological counselling services during pregnancy and postpartum, and regularly organize family health seminar to enhance families' resilience against risks.

The Group will continue to optimise its maternity support policies, integrating gender equality and family-friendly concepts into its corporate ESG culture, building an inclusive workplace environment, and contributing to sustainable social development. The Group continues to provide full support to pregnant employees.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT FOR 2024/25

Measures and review in relation to COVID-19 and similar diseases

Regarding infectious diseases, the Group adheres to placing the health and safety of employees and customers at the core of its ESG strategy. By drawing on its experience in COVID-19 prevention and control, we have established a scientific and regular public health management system, including:

- (i) Dynamic monitoring mechanism: by regularly monitoring air quality and disinfection indicators in office premises, we ensure continuous compliance with the standards of hygienic practices.
- (ii) Health promotion program: we regularly conduct infectious disease prevention training and provide comprehensive health check-ups and psychological counselling services for employees to enhance individual health literacy.
- (iii) Emergency response system: we have established a multi-tiered early warning mechanism for infectious diseases and stockpiled necessary epidemic prevention supplies to ensure rapid activation of scientific protective measures during public health emergencies.
- (iv) Sustainable operation assurance: public health management is incorporated into the Company's ESG evaluation system, balancing health and safety with operational efficiency to build a more resilient organizational ecosystem.

The Group will continue to monitor global public health trends. Under the principles of scientific management, technological innovation, and humanistic care, we will strive to create a healthy and safe environment for sustainable development, and to earnestly fulfil our long-term responsibilities and commitments to employees, customers, and society.

B3. Development and Training

The Group regards talent empowerment and health and safety as the core of its ESG strategy, promoting sustainable development through systematic training. A mentor-based apprentice program is established for zero-experience workers, covering technical knowledge and practical on-the-job training; customized training sessions are designed for management and functional positions to ensure employees quickly become competent and unleash their potential. Concurrently, universal safety and environmental awareness training sessions are implemented, and health awareness seminars for disease prevention are regularly held, with a view to establishing risk prevention and health management mechanisms. In 2024, an average of 42 hours of on-the-job training per employee was provided to cover professional skills, environmental regulations, systems, and job-specific safety and environmental knowledge, promoting individual growth and organizational resilience, while achieving human capital appreciation and co-creation of social value.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT FOR 2024/25

During the Reporting Period, the Group has launched a series of training programs for our employees as below:

- **Furniture Business Segment**

The Company provides internal training on environmental regulations and systems to its staff working in the factory, including the following aspects:

- (i) Law of the People's Republic of China on Work Safety (中華人民共和國安全生產法);
- (ii) Law of the People's Republic of China on the Prevention and Control of Occupational Diseases (中華人民共和國職業病防治法);
- (iii) Interpretation of the Criteria for Identifying Major Accident Hazards in Industrial and Trade Enterprises (工貿企業重大事故隱患判定標準解讀);
- (iv) Compilation of Criteria for Identifying Major Accident Hazards in Chengdu (成都市重大事故隱患判定標準匯編);
- (v) Compilation of Criteria for Identifying Major Fire Accident Hazards (火災重大事故隱患判定標準匯編);
- (vi) Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste (2020 Edition) (中華人民共和國固體廢物污染環境防治法 (2020版));
- (vii) Management Measures for the Transfer of Hazardous Waste (危險廢物轉移管理辦法);
- (viii) Responsibilities of Enterprise Environmental Management Positions (企業環境管理崗位職責);
- (ix) Environmental Protection Law of the People's Republic of China (中華人民共和國環境保護法);
- (x) Interim Provisions on the Classified Collection and Management of Domestic and Production Waste within the Factory Area (關於廠區內生活以及生產垃圾分類收集管理暫行規定).

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT FOR 2024/25

In addition, the Company organizes training sessions for various production workshop teams through production safety month, including the following aspects:

- (i) Relevant materials on the “Criteria for Identifying Major Accident Hazards” were circulated, and each team was organized to identify safety risks and hazards in their respective positions to enhance risk identification capabilities;
- (ii) Safety management rules and regulations and a dual prevention and control system for risk classification and control, and hidden danger investigation and rectification;
- (iii) By studying the “Production Safety Emergency Plan”, employees mastered emergency evacuation and disposal operations, ensuring that everyone can perform emergency escape and disposal in case of emergencies.

The Group integrates new employee onboarding training and job-specific safety and environmental education into its ESG strategic framework: corporate values and job responsibility training is made available for new employees to facilitate rapid integration into a sustainable development culture. Systematic training is implemented for factory positions, covering core skills such as environmental equipment operation and maintenance, hazardous waste management, waste classification, and guidelines for establishing industrial solid waste ledgers. Regular drills for emergency environmental incidents and fire drills are organized to strengthen employees’ emergency response capabilities.

- **Data Center Business Segment**

During the Reporting Period, the data center business segment including WNT provided employees with the following training content:

- (i) Green Strategy: industry trends, carbon neutrality goals, and compliance requirements;
- (ii) Smart Operations: AI applications, circular economy, and digitalization tools;
- (iii) Physical/network security of data centers, emergency drills, and business continuity;
- (iv) Social Responsibility: data ethics, health protection, and skill enhancement.

Assessment is conducted after the training for the Group to understand the effectiveness of the training and performance of the employees.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT FOR 2024/25

The Group's human resources department is responsible for formulating annual training plan in accordance with the Group's development objectives and employees' needs. The plan is reviewed regularly with reference to the employees' feedback and assessment to ensure continuous improvement. Different training and development opportunities are provided to different category of employees to satisfy their needs.

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		2025 (12 months up to 30/6/2025)	2024 (12 months up to 30/6/2024)
By gender			
• Male		75%	74%
• Female		25%	26%
By employee category			
• Middle to Senior management		17%	10%
• General		83%	90%

Average training hours Unit		2025 (12 months up to 30/6/2025)	2024 (12 months up to 30/6/2024)
By gender			
• Male	hours per employee	42	42
• Female	hours per employee	42	42
By employee category			
• Middle to Senior management	hours per employee	47	48
• General	hours per employee	41	41

B4. Labour Standards

The Group strictly complies with the Labour Law of the PRC and the Labour Contract Law of the PRC. It is required to provide identity card, resume and social insurance card to apply for new position in the Company. During the Reporting Period, the Group was not aware of any non-compliance in relation to child and forced labour in its operation.

All works should be performed voluntarily and shall not involve forced labour. Our suppliers and other business partners are expected to follow the same standard of labour practices when working with us.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT FOR 2024/25

OPERATING PRACTICES

B5. Supply Chain Management

The Group relies on suppliers to supply different raw materials for furniture manufacture, including wood/plywood, fabrics, paints, etc. During the Reporting Period, Sichuan Greenland has officially ceased the production and operation of its paint booth, and the painting process was outsourced to qualified suppliers outside the region, with no paints being used in the Company's plant premises. We are aware of the potential environmental and social risks associated with our supply chain. In order to manage and mitigate these risks, the Group has implemented procurement management system with supplier selection criteria to ensure the raw materials are purchased from qualified suppliers.

During the Reporting Period, Shangcheng Smart Home, as part of the furniture business segment, had almost 80 suppliers/sub-contractors, and Sichuan Greenland had more than 220 suppliers/sub-contractors during the Reporting Period (the Previous Reporting Period: more than 300). Their supplies include boards/plywood, cloth/leather types, down bags/sponges, marble/stones, hardware glasses, cartons, water-based glue, software and hardware accessories and supplementary furniture. They are all from Mainland China.

Selection Criteria

The Group chooses suppliers based on a list of criterion. Except price and quality, suppliers are required to provide qualification certificates that comply with current national regulations. Also, they have to provide their credentials on the last operation with clients. On-site inspection is carried out during the selection process to assess the scale of production, production management, productivity and quality control of suppliers.

We strive to work with suppliers that are certified for their environmental, quality and social responsibilities, such as ISO14001 environmental management system and ISO9001 quality management system, and appreciates the ESG principles. When selecting partners, we will prioritise those with the optimal ratio of overall performance to cost-effectiveness, ensuring a balance of quality, sustainability and value.

Supplier Assessment

The Group performs annual review on supply chain not only to ensure the product quality, but also to ensure the suppliers meet our expected standard on environmental protection. The Group maintains a long-term relationship with suppliers based on the satisfied results in the annual assessment.

We have obtained the Green Supply Chain Management System Certification (Five-Star Rating) from ZhongTai Union Certification Co., Ltd, as well as the CQTA (China Quality Technology Center) Quality Verification Certificate from Zhongjian Huana (Beijing) Quality Technology Center Co., Ltd. These certifications serve as comprehensive evidence that the materials used by our Company meet the requirements of quality verification.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT FOR 2024/25

B6. Product Responsibility

The Group is in strict compliance with the laws and regulations related to product responsibility, including the Product Quality Law of the PRC, the Trademark Law of the PRC and the Advertising Law of the PRC.

During the Reporting Period, we had no violation record to the relevant laws and regulations that had significant impact on the Group relating to product responsibility issues.

Quality Management

To improve customers' experience for products, the Group has established an after-sales service team, which is responsible for following up customer enquiries and providing customers with maintenance service. The after-sales services team responds to maintenance requests within one working day. In case where products are damaged by its customers' own use instead of its inherent defects, the Group will charge a certain fee for maintenance services.

Apart from various patent certificates for the design of our furniture products, we have obtained the Quality Control System Certification (GB/T 19001-2016/ISO9001:2015) from the China Quality Certification Center; the CQTA Quality Verification Certificate from Zhongjian Huana (Beijing) Quality Technology Center Co., Ltd.; the Green Supply Chain Management System Certification (Five-Star Rating), the CZTCS After-sales Service System Excellence Certification (Seven-Star Rating), and the Environmental Guardian Product Evaluation Certification issued by Zhongtai Union Certification Co, Ltd, as well as the China Environmental Labeling Product Certification, China Environmental Labeling (Type II) Product Certification, Furniture Product Hazardous Substance Limitation Certification, and Low VOCs Furniture Product Certification issued by the China Environmental United Certification Center Co., Ltd. (中環聯合（北京）認證中心有限公司). In addition to these certifications, we have been included in the "Sichuan Provincial Local Excellent Office Furniture Product Recommended Catalog" and recognized as a trustworthy and contract-abiding enterprise by Chengdu City. Furthermore, we received the honorary certificate "Recommended Enterprises for Local Excellent Furniture Products in Sichuan Province".

These certifications demonstrate the recognition of our Company's product quality by various authoritative institutions.

During the Reporting Period, the Group did not receive any complaints about the quality of products, or encounter any product recalls for safety and/or health reasons.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT FOR 2024/25

Customer Data Protection

The Group takes privacy issues seriously. As covered in the staff handbook, we have established “Confidentiality System” (保密制度) in order to demonstrate our firm commitment to privacy issues. The system provides guidance to employees on data control and usage. We limit the collection and use of personal information to which is necessary to administer our business, and the collected data are accessible by authorised personnel only. Documents containing confidential information are required to be kept with the strictest standards of security and confidentiality.

During the Reporting Period, no substantial complaints regarding breaches of customer data and privacy were received.

B7. Anti-Corruption

The Group regards anti-corruption as a core element of ESG governance, and therefore maintains business integrity through institutionalized development and transparent mechanisms:

Institutional Framework: the Group has formulated the “Code of Business Conduct”, which explicitly prohibits employees from, whether directly or indirectly, providing or receiving any improper benefits over the course of business activities, with a view to eliminating unethical conduct that is in violation of integrity principles or laws and regulations.

Whistleblowing Mechanism: an independent compliance whistleblowing channel has been established, where the administrative center directly handles both real-name and anonymous reports, and implements a “reporting-investigation-feedback” closed-loop management to protect the security of whistleblowers’ information.

Performance Data: during the Reporting Period, there was no incident of corruption, bribery, fraud or money laundering, achieving a zero-violation record in compliance.

Capability Enhancement: specialized training sessions (3 hours per person for furniture business segment/data center business segment) covering anti-corruption laws and regulations, risk identification and response strategies were provided to management and staff in key positions.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT FOR 2024/25

COMMUNITY

B8. Community Investment

As a socially responsible company, the Group recognizes community sustainability as a core component of its ESG strategy, and is committed to promoting the co-creation and sharing of social value between the Company and communities through institutionalized policies and innovative practices.

(i) Policy Framework: Establishing Community Co-development Mechanism

The “Community Co-development Action Guide” has been formulated, systematically incorporating infrastructure improvement, environmental protection, and cultural inheritance into the Company’s corporate social responsibility system. Employees are encouraged to take advantage of their professional expertise for their active involvement in community development, achieving a win-win situation for both individual value and social benefits.

(ii) Environmental Action: Improving Community Travel Environment

The “Surrounding Road Repair Plan for Factory Premises” has been implemented, where our employee volunteer teams are organized to repair damaged community roads, enhancing residents’ travel safety and quality of life. At the same time, the green transportation practices are promoted to encourage low-carbon travel. During the Reporting Period, employee participation included: 50 participants for 1 day, and 20 participants for half a day.

(iii) Environmental Protection: Promoting Community Environmental Purification

“Community Clean-up Day” activities are organized to mobilize employees to regularly clean up public areas around the factory premises, improving the community sanitation, and enhancing residents’ environmental awareness and participation through practical actions. During the Reporting Period, employee participation included: 40 participants for 1 day, and 30 participants for half a day.

(iv) Cultural Inheritance: Promoting Community Cultural Exchange

“Traditional Culture Experience Day” invites community residents and employees to participate in traditional handicraft making and other activities, enhancing intergenerational and cross-group cultural exchanges, and contributing to the inheritance of local culture and the enhancement of community cohesion. During the Reporting Period, employee participation included: 50 participants for half a day.