

# ZHI SHENG GROUP HOLDINGS LIMITED

## 智昇集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8370



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1000



# 2025/26

INTERIM REPORT

## CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

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

# 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 2025, together with the comparative unaudited figures for the corresponding period in 2024 as follows:

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 31 DECEMBER 2025

	Notes	Ended 31 December	
		Six months 2025 RMB'000 (Unaudited)	Six months 2024 RMB'000 (Unaudited)
Revenue	4	48,051	44,631
Cost of sales		(38,982)	(32,414)
Gross profit		9,069	12,217
Other income/(loss), net	5	80	(2,347)
Selling and distribution expenses		(4,482)	(3,556)
Administrative and other expenses		(7,256)	(7,833)
(Provision for)/reversal of impairment loss on assets		3,014	(94)
Operating loss		425	(1,613)
Finance costs	6	(3,297)	(1,258)
Loss before income tax		(2,872)	(2,871)
Income tax (expenses)/credit	7	(52)	(21)
Loss for the period		(2,924)	(2,892)
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		(1,109)	(542)

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 31 DECEMBER 2025

	<i>Notes</i>	Ended 31 December	
		Six months 2025 RMB'000 (Unaudited)	Six months 2024 RMB'000 (Unaudited)
Total comprehensive expenses for the period		<b>(4,033)</b>	(3,434)
Loss for the period attributable to:			
Owners of the Company		<b>(4,056)</b>	(2,019)
Non-controlling interests		<b>1,132</b>	(873)
		<b>(2,924)</b>	(2,892)
Total comprehensive expenses for the period attributable to:			
Owners of the Company		<b>(5,165)</b>	(2,561)
Non-controlling interests		<b>1,132</b>	(873)
		<b>(4,033)</b>	(3,434)
Loss per share	9		
– Basic and diluted (RMB cents)		<b>(2.64)</b>	(2.15)

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2025

		As at 31 December 2025 RMB'000 (Unaudited)	As at 30 June 2025 RMB'000 (Audited)
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment		1,436	1,660
Right-of-use assets		38,193	39,155
Goodwill		16,085	17,135
<b>Total non-current assets</b>		<b>55,714</b>	57,950
<b>Current assets</b>			
Inventories		7,816	6,810
Contract assets		326	405
Trade, lease and other receivables	10	57,323	21,606
Cash and cash equivalents		11,024	42,171
<b>Total current assets</b>		<b>76,489</b>	70,992
<b>Current liabilities</b>			
Contract liabilities		1,669	1,858
Trade and other payables	11	42,774	37,395
Lease liabilities		732	795
Convertible bonds	14	18,245	16,444
Tax payable		1,376	1,350
<b>Total current liabilities</b>		<b>64,796</b>	57,842
<b>Net current assets</b>		<b>11,693</b>	13,150
<b>Total assets less current liabilities</b>		<b>67,407</b>	71,100

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2025

		As at 31 December 2025 RMB'000 (Unaudited)	As at 30 June 2025 RMB'000 (Audited)
	<i>Notes</i>		
<b>Non-current liabilities</b>			
Lease liabilities		10,174	10,499
Amounts due to a substantial shareholder		26,073	25,408
<b>Total non-current liabilities</b>		<b>36,247</b>	35,907
<b>NET ASSETS</b>		<b>31,160</b>	35,193
<b>Capital and reserves</b>			
Share capital	13	13,943	13,943
Reserves		16,751	21,916
Equity attributable to the owners of the Company		<b>30,694</b>	35,859
Non-controlling interests		466	(666)
<b>TOTAL EQUITY</b>		<b>31,160</b>	35,193

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31 DECEMBER 2025

	Attributable to owners of the Company										
	Share capital	Share premium	Convertible bonds equity reserve	Share option reserve	Other reserve	Statutory reserve	Foreign exchange reserve	Accumulated losses	Total	Non-controlling interests	Total
	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
<b>At 1 July 2024 (Audited)</b>	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 expense for the period	-	-	-	-	-	-	(542)	(2,019)	(2,561)	(873)	(3,434)
Issue of shares upon the placing	4,225	7,894	-	-	-	-	-	-	12,119	-	12,119
Conversion of convertible bonds into shares	342	2,919	(954)	-	-	-	-	-	2,307	-	2,307
Transfer to statutory reserves	-	-	-	-	-	3	-	(3)	-	-	-
<b>At 31 December 2024 (Unaudited)</b>	12,583	198,009	3,817	20,455	(11,131)	4,761	(11,074)	(185,758)	31,662	(335)	31,327
<b>At 1 July 2025 (Audited)</b>	13,943	209,793	2,648	199	(7,276)	4,758	(11,218)	(176,988)	35,859	(666)	35,193
Loss for the period	-	-	-	-	-	-	-	(4,056)	(4,056)	1,132	(2,924)
Other comprehensive income:											
Exchange difference arising on translating of foreign operations	-	-	-	-	-	-	(1,109)	-	(1,109)	-	(1,109)
Total comprehensive income/ (expense) for the period	-	-	-	-	-	-	(1,109)	(4,056)	(5,165)	1,132	(4,033)
Transfer to statutory reserves	-	-	-	-	-	9	-	(9)	-	-	-
<b>At 31 December 2025 (Unaudited)</b>	13,943	209,793	2,648	199	(7,276)	4,767	(12,327)	(181,053)	30,694	466	31,160

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2025

	Ended 31 December	
	Six months 2025 RMB'000 (Unaudited)	Six months 2024 RMB'000 (Unaudited)
<b>Cash flows from operating activities</b>		
<b>Loss before income tax</b>	<b>(2,872)</b>	(2,871)
Adjustments for:		
Depreciation of right-of-use assets	962	622
Depreciation of property, plant and equipment	391	445
Loss on write-off and disposal of property, plant and equipment	–	2
Write-down (reversal) of inventories to net realisable value	(616)	(1,270)
(Reversal of)/impairment loss on trade and other receivables	(4,064)	(924)
Impairment loss on goodwill	1,050	1,018
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	(11)	(36)
Interest income arising from unwinding contract assets with significant financing component	–	(3)
Finance costs	3,297	1,258
<b>Operating (losses)/profit before working capital changes</b>	<b>(1,863)</b>	646
Change in inventories	(390)	8,268
Change in contract assets	79	56
Change in trade, lease and other receivables	(31,653)	(4,949)
Change in contract liabilities	(189)	(936)
Change in trade and other payables	5,379	(7,410)

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2025

	Ended 31 December	
	Six months 2025 RMB'000 (Unaudited)	Six months 2024 RMB'000 (Unaudited)
<b>Cash (used in) operations</b>	<b>(28,637)</b>	(4,325)
Income tax paid	(12)	(43)
Bank interest received	11	36
<b>Net cash (used in) operating activities</b>	<b>(28,638)</b>	(4,332)
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(167)	(145)
Proceeds from disposal of property, plant and equipment	–	2
<b>Net cash (used in) investing activities</b>	<b>(167)</b>	(143)
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares upon the placing, net of transaction costs	–	12,119
Repayment of lease liabilities	(388)	(352)
Interest paid	(612)	(648)
<b>Net cash (used in)/generated from financing activities</b>	<b>(1,000)</b>	11,119
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(29,805)</b>	6,644
<b>Cash and cash equivalents at the beginning of the period</b>	<b>42,171</b>	22,076
<b>Effect of foreign exchange rate changes</b>	<b>(1,342)</b>	(390)
<b>Cash and cash equivalents at the end of the period</b>	<b>11,024</b>	28,330
<b>Analysis of balances of cash and cash equivalents</b>		
Bank and cash balances at the end of the period	11,024	28,330

# NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2025

## 1. CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands with limited liability on 4 March 2016. The address of its registered office is Windward 3, Regatta Office Park, P.O. BOX 1350 Grand Cayman KY1-1108, the Cayman Islands. Its principal place of business in Hong Kong has been changed to Room 1123, 11/F, Star House, 3 Salisbury Road, Tsim Sha Tsui, Kowloon, Hong Kong with effect from 31 October 2024 and its headquarters has been changed to A401, Moore Car Hui, No.68, Julong Road, Wuhou District, Chengdu, Sichuan Province, the People's Republic of China (the "PRC") with effect from 25 October 2024.

The Company is an investment holding company and the Group is 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 2025/26 Interim report will cover the six months from 1 July 2025 to 31 December 2025, and the comparable data will cover the six months for the corresponding period in 2024.

The Group's unaudited condensed consolidated financial statements for the six months ended 31 December 2025 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 Standard 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 2025, 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 2025.

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 2025

## 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 (the "Chief Operating Decision Makers") for the purpose of assessment of performance and resource allocation.

For the six months ended 31 December 2025 (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:

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

### (a) Reportable segment revenue and results

	Furniture		Data centre		Total	
	For the six months ended 31 December		For the six months ended 31 December		For the six months ended 31 December	
	2025	2024	2025	2024	2025	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Segment revenue</b>						
Sale of furniture products	39,582	35,513	–	–	39,582	35,513
Information technology management service	–	–	246	248	246	248
Internet access connection service	–	–	78	63	78	63
Data centre operating and security service	–	–	85	84	85	84
Rental of server racks	–	–	8,060	8,723	8,060	8,723
	39,582	35,513	8,469	9,118	48,051	44,631
<b>Segment results</b>	2,192	1,007	(1,418)	(825)	774	182
Unallocated expenses*					(1,628)	(1,206)
Other income/(loss), net*					2	(1,236)
Interest expense on convertible bonds					(2,020)	(611)
<b>Loss before income tax</b>					(2,872)	(2,871)

# NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2025

The Group had no inter-segment transactions for the six months ended 31 December 2025 and the corresponding period of last year.

Unallocated expenses mainly include share-based payments arising from the issuance of convertible bonds and expenses of the Group's Hong Kong office, and other net (loss) during the corresponding period of last year mainly includes the debt extinguishment costs arising from the shortening of the maturity date of convertible bonds by the Group. The aforementioned income and expenses were not directly attributable to the business activities of any operating segment.

## (b) Reportable segment assets and liabilities

	Furniture		Data centre		Total	
	As at 31 December 2025 RMB'000 (Unaudited)	As at 30 June 2025 RMB'000 (Audited)	As at 31 December 2025 RMB'000 (Unaudited)	As at 30 June 2025 RMB'000 (Audited)	As at 31 December 2025 RMB'000 (Unaudited)	As at 30 June 2025 RMB'000 (Audited)
Segment assets	49,259	41,039	55,372	56,732	104,631	97,771
Cash and cash equivalents					6,580	26,463
Unallocated corporate assets					20,992	4,708
					132,203	128,942
Segment liabilities	(37,420)	(32,137)	(35,920)	(8,457)	(73,340)	(40,594)
Convertible bonds					(18,245)	(16,444)
Unallocated corporate liabilities					(9,458)	(36,711)
					(101,043)	(93,749)

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 2025

## (c) Other segment information

	Furniture		Data centre		Unallocated		Total	
	For the six months		For the six months		For the six months		For the six months	
	31 December		31 December		31 December		31 December	
	2025	2024	2025	2024	2025	2024	2025	2024
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	
Bank interest income	1	8	4	24	6	4	11	36
Interest income arising from unwinding contract assets with significant financing component	-	3	-	-	-	-	-	3
Implied interest on amounts due to a substantial shareholder	-	-	665	-	-	-	665	-
Interest expense on lease liabilities	612	646	-	-	-	-	612	646
Interest expense on convertible bonds	-	-	-	-	2,020	612	2,020	612
Depreciation of right-of-use assets	671	622	291	-	-	-	962	622
Depreciation of property, plant and equipment	391	445	-	-	-	-	391	445
Loss on written off and disposal of property, plant and equipment	-	2	-	-	-	-	-	2
Government grant	50	-	-	-	-	-	50	-
(Reversal of)/impairment loss on trade and other receivables	(4,256)	(987)	192	63	-	-	(4,064)	(924)
Impairment loss on goodwill	-	-	1,050	1,018	-	-	1,050	1,018
Addition to property, plant and equipment	167	145	-	-	-	-	167	145
Addition to right-of-use assets	-	365	-	-	-	-	-	365

# NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2025

(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 2025 RMB'000 (Unaudited)	Six months 2024 RMB'000 (Unaudited)
<b>Revenue from external customers</b>		
The PRC	<b>48,024</b>	44,603
Hong Kong, the PRC	<b>27</b>	28
	<b>48,051</b>	44,631

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, and Customer B from the furniture segment are as follows:

	Ended 31 December		From reporting segment
	Six months 2025 RMB'000 (Unaudited)	Six months 2024 RMB'000 (Unaudited)	
Customer A (Furniture)	<b>20,708</b>	18,221	Manufacture and sale of furniture products
Customer B (Furniture)	<b>5,365</b>	N/A	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 2025

## 4. REVENUE

	Ended 31 December	
	Six months 2025 RMB'000 (Unaudited)	Six months 2024 RMB'000 (Unaudited)
<b>Revenue from contracts with customers within the scope of HKFRS 15</b>		
Sale of furniture products	39,582	35,513
Information technology management service	246	248
Internet access connection service	78	63
Data centre operating and security service	85	84
	<b>39,991</b>	<b>35,908</b>
<b>Revenue from other sources</b>		
Rental of server racks	8,060	8,723
	<b>48,051</b>	<b>44,631</b>

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 2025 RMB'000 (Unaudited)	Six months 2024 RMB'000 (Unaudited)
<b>Timing of revenue recognition</b>		
At a point in time	39,582	35,513
Over time	409	395
	<b>39,991</b>	<b>35,908</b>

# NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2025

During the Reporting Period and the corresponding period of last year, the Group's revenue was divided into two parts by reporting segment: furniture, and data centre business with an analysis as follows during the Reporting Period:

	Ended 31 December	
	Six months 2025 RMB'000 (Unaudited)	Six months 2024 RMB'000 (Unaudited)
Sale of furniture products	39,582	35,513
Data centre business	8,469	9,118
	<b>48,051</b>	<b>44,631</b>

## 5. OTHER INCOME/(LOSS), NET

	Ended 31 December	
	Six months 2025 RMB'000 (Unaudited)	Six months 2024 RMB'000 (Unaudited)
Interest income arising from unwinding contract assets with significant financing components	–	3
Bank interest income	11	36
Exchange (loss), net	(4)	(5)
Debt extinguishment costs arising from the acceleration of the maturity date of convertible bonds	–	(1,235)
Non-recurring compensatory expenses	–	(1,170)
Government grant	50	–
Subsidy income and others	23	24
	<b>80</b>	<b>(2,347)</b>

# NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2025

## 6. FINANCE COSTS

	Ended 31 December	
	Six months 2025 RMB'000 (Unaudited)	Six months 2024 RMB'000 (Unaudited)
Interest expense on lease liabilities	612	646
Implied interest on amounts due to a substantial shareholder	665	–
Interest expense on convertible bonds	2,020	612
	<b>3,297</b>	1,258

## 7. INCOME TAX EXPENSE

	Ended 31 December	
	Six months 2025 RMB'000 (Unaudited)	Six months 2024 RMB'000 (Unaudited)
Current tax		
Provision for the period	52	21
Deferred tax	–	–
	<b>52</b>	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 2025

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

## 8. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 31 December 2025 (corresponding period in 2024: nil). No shareholder has agreed to waive dividends.

## 9. LOSS PER SHARE

The loss per share is calculated by dividing loss attributable to the owners of the Company by the weighted average number of 153,888,529 and 93,691,505 ordinary shares in issue for the six months ended 31 December 2025 and the corresponding period in 2024.

	Ended 31 December	
	Six months 2025 RMB'000 (Unaudited)	Six months 2024 RMB'000 (Unaudited)
The loss used to calculate the basic loss per share	(4,056)	(2,019)

  

	'000 shares	'000 shares
Number of shares used to calculate the basic loss per share	153,889	93,692

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 2025 of approximately RMB4.056 million (corresponding period of last year: a loss of approximately RMB2.019million), and on the weighted average number of 153,888,529 (corresponding period of last year: 93,691,505) 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 2025

## 10. TRADE, LEASE AND OTHER RECEIVABLES

	As at 31 December 2025 RMB'000 (Unaudited)	As at 30 June 2025 RMB'000 (Audited)
Trade receivables (Note (a))	21,163	8,628
Lease receivables (Note (b))	4,558	3,319
Other receivables (Note (c))	19,587	10,879
Deposits (Note (c))	441	1,120
Prepayments (Note (d))	32,573	22,731
	<b>78,322</b>	46,677
Less: loss allowances	(20,999)	(25,071)
	<b>57,323</b>	21,606

### (a) Trade receivables

	As at 31 December 2025 RMB'000 (Unaudited)	As at 30 June 2025 RMB'000 (Audited)
Total trade receivables	21,163	8,628
Less: loss allowances	(4,919)	(4,574)
Trade receivables, net	<b>16,244</b>	4,054

As at 31 December 2025, included in total trade receivables are trade receivables of RMB18,151,000 (30 June 2025: RMB6,821,000) and quality assurance deposit receivables of RMB982,000 (30 June 2025: RMB1,044,000) from manufacture and sale of furniture products segment. 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 2025, included in total trade receivables are trade receivables of RMB2,030,000 (30 June 2025: RMB763,000) from data centre segment. The credit periods on service contracts with customers are normally within 30 days or up to 90 days from the invoice date, depending on the terms of the contracts.

# NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2025

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 2025 RMB'000 (Unaudited)	As at 30 June 2025 RMB'000 (Audited)
Within 3 months	15,856	3,373
More than 3 months	5,307	5,255
	<b>21,163</b>	<b>8,628</b>

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 2025 RMB'000 (Unaudited)	As at 30 June 2025 RMB'000 (Audited)
Current (not past due)	15,396	2,686
Less than 1 month past due	316	371
1 to 3 months past due	188	263
More than 3 months but less than 6 months past due	191	469
More than 6 months past due	153	265
	<b>16,244</b>	<b>4,054</b>

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 2025

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

	As at 31 December 2025 RMB'000 (Unaudited)	As at 30 June 2025 RMB'000 (Audited)
At the beginning of the year	4,574	6,575
Provision for/(reversal of) loss allowance recognised during the year	355	(2,001)
Net exchange (gain)	(10)	–
At the end of the year (period)	4,919	4,574

As at 31 December 2025, the Group applied simplified approach to measure lifetime ECLs on the Group's trade receivables for furniture segment of RMB18,151,000 (30 June 2025: RMB6,821,000) using a provision matrix.

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

## As at 31 December 2025

	ECL rate %	Gross carrying amount RMB'000	Lifetime ECLs RMB'000	Net carrying amount RMB'000
Current (not past due)	0.3	15,306	46	15,260
Less than 1 month past due	3.4	327	11	316
1 to 3 months past due	19.3	233	45	188
More than 3 months but less than 6 months past due	30.6	275	84	191
More than 6 months past due	100.0	2,010	2,010	–
		18,151	2,196	15,955

# NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2025

As at 30 June 2025

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

As at 31 December 2025, 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 RMB982,000 (30 June 2025: RMB1,044,000) using probability-default model. The ECL rate was 94.1% (30 June 2025: 74.6%), the loss allowance as at the end of the Reporting Period was RMB924,000 (30 June 2025: RMB779,000).

As at 31 December 2025, the Group applied simplified approach to measure lifetime ECLs on the Group's trade receivables for data centre segment of RMB2,030,000 (30 June 2025: RMB763,000) using probability-default model. The ECL rate was 88.6% (30 June 2025: 87.4%), and the loss allowance as at the end of the Reporting Period was RMB1,799,000 (30 June 2025: RMB667,000).

## (b) Lease receivables

As at 31 December 2025, the Group applied simplified approach to measure lifetime ECLs on the Group's lease receivables for data centre segment of RMB4,558,000 (30 June 2025: RMB3,319,000) using probability-default model. The ECL rate was 0.26% (30 June 2025: 0.33%), and the loss allowance as at the end of the Reporting Period was RMB12,000 (30 June 2025: RMB11,000).

## (c) Other receivables

As at 31 December 2025, the Group applied general approach to measure ECLs on the Group's deposits and other receivables of RMB20,028,000 (30 June 2025: RMB11,999,000) using probability-default model and made loss allowance of RMB10,849,000 (30 June 2025: RMB10,710,000) at the end of the period/year.

# NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2025

## (d) Prepayments

- (i) As at 31 December 2025, the prepayments of approximately RMB8,679,000 (30 June 2025: RMB14,755,000) were prepayments provided to suppliers in respect of the purchase of raw materials; and prepayments of approximately RMB17,224,000 (30 June 2025: Nil) were refundable deposits paid by the Company to HVL, a project company held by Lap Man, following the signing of the Call Option Deed.
- (ii) As at 31 December 2025, the Group applied general approach to measure ECLs on the Group's prepayments of RMB32,573,000 (30 June 2025: RMB22,731,000) using probability-default model and made loss allowance of RMB5,219,000 (30 June 2025: RMB9,776,000) at the end of the period/year.

## 11. TRADE AND OTHER PAYABLES

	As at 31 December 2025 RMB'000 (Unaudited)	As at 30 June 2025 RMB'000 (Audited)
Trade payables (Note (a))	17,303	12,624
Other payables and accruals (Note (b))	20,746	24,673
Other tax payables	4,725	98
	<b>42,774</b>	<b>37,395</b>

## (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 2025 RMB'000 (Unaudited)	As at 30 June 2025 RMB'000 (Audited)
Within 3 months	12,192	8,054
More than 3 months	5,111	4,570
	<b>17,303</b>	<b>12,624</b>

# NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2025

(b) **Other payables and accruals**

As at 31 December 2025, included in other payables were the amounts of RMB5,665,000 and RMB5,247,000 (30 June 2025: RMB5,665,000 and RMB5,592,000) due to the registered owners of Beijing Wannuotong and Mega Data Investment Limited (a related company controlled by a Director), respectively. The amounts were unsecured, interest-free and repayable on demand.

## 12. SHARE OPTION SCHEME

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

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

On 14 February 2024, the Company completed the consolidation of shares in the issued shares of the Company and adjustments to the exercise price of outstanding share options and number of share options were made.

Details of the outstanding share options as at the end of the Reporting Period are as follows:

	As at 31 December 2025	As at 30 June 2025
Share options granted on 2 August 2021	–	–
Share options granted on 1 June 2022	200,000	200,000
	200,000	200,000

# NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2025

	As at 31 December 2025		As at 30 June 2025	
	Number of share options	Weighted average exercise price HK\$	Number of share options	Weighted average exercise price HK\$
Outstanding at the beginning of the period	200,000	2.2	10,200,000	3.5
Granted during the period	-	-	-	-
Lapsed during the period	-	-	(10,000,000)	3.5
Outstanding at the period end	200,000	2.2	200,000	2.2
Exercisable at the period end				
Granted on 2 August 2021	-		-	
Granted on 1 June 2022	200,000		200,000	
	200,000		200,000	

## Share Option Deed

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

On 10 January 2025, the Company received a request from Mr. Lai to cancel the share options. The abovementioned share options were cancelled on 13 January 2025.

# NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2025

The following illustrates the changes of shareholding of the Company for the Reporting Period resulting from the Share Option Deed:

Name of category of participant	Date of grant	Vesting period	Exercisable period	Outstanding at 1 July 2025	Granted during the Reporting Period	Exercised during the Reporting Period	Lapsed during the Reporting Period	Outstanding at 31 December 2025
Mr. Lai	2 August 2021	Nil	2 August 2021 to 1 August 2025	-	-	-	-	-
			2 August 2021 to 1 August 2022	-	-	-	-	-
			2 August 2021 to 1 August 2023	-	-	-	-	-
				-	-	-	-	-
Exercisable at the period end								-

Name of category of participant	Date of grant	Vesting period	Exercise period	Outstanding at 1 July 2024	Granted during the Reporting Period	Exercised during the Reporting Period	Lapsed during the Reporting Period	Outstanding at 31 December 2024
Mr. Lai	2 August 2021	Nil	2 August 2021 to 1 August 2025	4,000,000	-	-	-	4,000,000
			2 August 2021 to 1 August 2022	3,000,000	-	-	-	3,000,000
			2 August 2021 to 1 August 2023	3,000,000	-	-	-	3,000,000
				10,000,000	-	-	-	10,000,000
Exercisable at the period end								10,000,000

The fair value of the share options granted by the Group on 2 August 2021 amounted to approximately HK\$24,356,000 (equivalent to RMB20,245,000). For the six months ended 31 December 2025, no equity-settled share-based payment expense was recognised by the Group (the corresponding period of last year: Nil). The abovementioned share options were cancelled on 13 January 2025.

# NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2025

## Share Option Scheme

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

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

The following illustrates the changes of shareholding of the Company for the Reporting Period resulting from the Share Option Deed:

Name of category of participant	Date of grant	Vesting period	Exercisable period	Outstanding at 1 July 2025	Granted during the Reporting Period	Exercised during the Reporting Period	Lapsed during the Reporting Period	Outstanding at 31 December 2025
Mr. Li	1 June 2022	Nil	1 June 2022 to 17 October 2026	200,000	-	-	-	200,000
Exercisable at the period end								200,000

Name of category of participant	Date of grant	Vesting period	Exercisable period	Outstanding at 1 July 2024	Granted during the Reporting Period	Exercised during the Reporting Period	Lapsed during the Reporting Period	Outstanding at 31 December 2024
Mr. Li	1 June 2022	Nil	1 June 2022 to 31 May 2026	200,000	-	-	-	200,000
Exercisable at the period end								200,000

# NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2025

The remaining contractual life of the outstanding share options at the period end was 0.79 years and the exercise price was HK\$2.2.

For the six months ended 31 December 2025 and the corresponding period of last year, no equity-settled share-based payment expense was recognised by the Group.

## 13. SHARE CAPITAL

	Number of shares	Share capital RMB'000
Authorised:		
Ordinary shares of HK\$0.1 each		
At 30 June 2025, 1 July 2025 and 31 December 2025	300,000,000	
Issued and fully paid:		
Ordinary shares of HK\$0.1 each		
At 30 June 2025 and 1 July 2025	153,888,529	13,943
At 31 December 2025	153,888,529	13,943

There were no changes in the share capital of the Group during the six months ended 31 December 2025.

# NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2025

## 14. CONVERTIBLE BONDS

To alleviate the short-term liquidity pressure of the Group and ensure the Group maintains sufficient financial soundness for carrying out its business development plans, including but not limited to the potential acquisition of land and the development of the data centre service business, on 27 March 2025, the Company and Mr. Chatchaval Jiaravanon and CMAG Fund SPC, both being subscribers, have entered into a subscription agreement (the “**Subscription Agreement**”), pursuant to which, among others, the Company has conditionally agreed to allot, and the subscribers conditionally agreed to subscribe for zero coupon convertible bonds in the aggregate principal amount of HK\$120 million. On 25 July 2025 and 21 August 2025, the parties entered into a supplemental agreement and a further supplemental agreement to the Subscription Agreement, respectively, and on 29 September 2025, the Company and the subscribers entered into a second further supplemental agreement, for, among others, the extension of the long stop date and the maturity date. On 10 December 2025, the Company and the subscribers entered into a third further supplemental agreement, pursuant to which they agreed to extend the long stop date to 15 February 2026 or such other date as the Company and the subscribers may agree in writing. As at 31 December 2025, the conditions precedent under the Subscription Agreement have not yet complete. Please refer to the announcements of the Company dated 27 March 2025, 25 July 2025, 21 August 2025, 29 September 2025 and 10 December 2025, and the circular dated 30 April 2025, respectively, for further details.

On 30 June 2025, the Company issued zero coupon convertible bonds with a principal amount of HK\$20,000,000 for the Group to raise additional fund. The convertible bonds are denominated in HK\$ will mature in 7 months from the issue date at their principal amount or can be converted into ordinary shares of the Company at the holder’s option at initial conversion price HK\$6.4 per conversion share. Any convertible bonds not converted will be redeemed on 31 January 2026 at 103% of their principal amount. Assuming full exercise of the conversion rights, at the initial conversion price of HK\$6.4 per Conversion Share, a maximum of 3,125,000 conversion shares will be allotted and issued. Please refer to the announcements of the Company dated 19 June 2025 and 30 June 2025, respectively, for further details.

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

# NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2025

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

	As at 31 December 2025 RMB'000	As at 30 June 2025 RMB'000
As at the beginning of the period/year	16,444	9,444
Increase during the period/year:		
Fair value of the convertible bonds issued	–	19,996
Modification of convertible bonds	–	1,241
Less: transaction costs	–	(904)
Less: Amount classified as equity	–	(2,648)
Liability component on initial recognition	–	17,685
Interest expense	2,020	796
Conversion	–	(11,634)
Exchange realignment	(219)	153
Liability component as at the end of period/year	18,245	16,444

The effective interest rates for the interest expense on convertible bonds by applying the liability component and being calculated using the effective interest method were 13% to 16.2%. The principal amount of the convertible bonds as at 31 December 2025 was approximately RMB18,036,000 (30 June 2025: RMB18,251,000).

# 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\* (四川青田傢俱實業有限公司) (“**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.

As at the end of December 2023, the Group established Shangcheng Smart Home (Dongguan) Co., Ltd.\* (尚誠智能家居(東莞)有限公司) (“**Shangcheng Smart**”), 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.

\* For identification purpose only

# MANAGEMENT DISCUSSION AND ANALYSIS

## 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 RMB39.6 million, representing an increase of approximately RMB4.1 million or approximately 11.5% as compared to the corresponding period of last year. During the Reporting Period, the Group implemented the strategy of “trading price for volume” to consolidate market share and ensure financial stability through strengthened regional services and response of supply chain. In terms of growth support, the results of Shangcheng Smart business have shown, achieving a revenue of RMB21.5 million during the Reporting Period. It earned the recognition of customers by optimizing production and strengthening after-sales service, and reached a consensus on cooperation with core customers, becoming an important support for the year-on-year growth of the Group’s furniture business and effectively resisting industrial cyclical risks.

## Other matters in prior financial years

As mentioned in the previous financial report, the Group, through its subsidiary, Sichuan Greenland, pledged land and buildings and other properties to assist Mr. Luo Jinyao (who controls Dongguan Yaobang Group Co., Ltd.\* (東莞市耀邦集團有限公司) (“**Yaobang Group**”), as borrower (the “**Borrower**”) or his subsidiaries in obtaining financing. 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 comply with and fulfil its obligations under the pledge made in respect of a parcel of land and buildings located at Chengdu City. For subsequent particulars, please refer to the content set out in the subsection headed “Other matters in prior financial years” under the Management Discussion and Analysis section of this report.

# 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 RMB8.5 million, representing a decrease of approximately RMB0.6 million or approximately 7.1% as compared to the corresponding period of last year. The decline in performance was mainly due to the year-on-year decrease in rental income from server rack rental business, as certain customers did not renew their leases upon expiry and the expansion of new customers did not meet expectations, affected by the weaker-than-expected overall economic recovery. The segment's revenue is currently still primarily generated from rental income from server rack rentals, with a relatively stable business foundation.

During the Reporting Period, the Group continued to firmly advance the core strategic transformation of its data centre business from “resource integration” to “autonomous construction”, strictly implemented the domestic and overseas layout and capability construction targets set in the last financial year, and related works were advanced in an orderly manner according to plan, although no substantive progress has been achieved as at the end of the Reporting Period. The aforesaid strategic advancement is of great strategic significance for the Group to build core competitiveness in its data centre business, improve industrial layout, and consolidate the foundation for long-term development, and is a key measure for the Group to layout in the fields of artificial intelligence and digital economy and nurture new business growth poles. The progress of various works is as follows:

- I. Advancement of domestic core layout: The two parcels of industrial land in Hohhot (50,034 square meters) and Xilingol League (107,969.77 square meters) of Inner Mongolia acquired in the last financial year are important carriers for the Group to construct self-owned multi-tenant hyper-scale artificial intelligence data centres and intelligent computing centres. The local advantages of rich green energy such as wind and solar energy are highly consistent with the Group's long-term goal of green and scale development of its data centre business. During the Reporting Period, the Group continued to promote the follow-up planning and implementation of the aforesaid land, and relevant preliminary preparation works were carried out in an orderly manner, laying a foundation for subsequent autonomous construction and operation.

# MANAGEMENT DISCUSSION AND ANALYSIS

- II. Advancement of Thailand international layout: Leveraging the advantages of policy support and rapid growth in market demand, the Thailand data centre market serves as a critical foothold for the Group's expansion into the international data centre business and a core strategic layout to capture the overseas expansion needs of Chinese AI customers. We have secured potential land parcels in areas such as Rayong, aiming to capitalise on opportunities in the data centre market in Thailand and progressively expand market share by providing data centre services to top tier internet companies in Thailand under multiple-year contracts. On 19 June 2025, the Company entered into a call option deed with Mr. Man Lap, a minority shareholder of the Company who owns a Thai data centre company (the "**Thai Data Centre Company**") with approval from BOI of Thailand, pursuant to which the Company may exercise the option to acquire the Thai Data Centre Company and indirectly owns a majority interests in the Land. During the Reporting Period, the Group continued to rely on the call option deed entered into with the minority shareholder, Mr. Man Lap, to advance the work related to the indirect acquisition of local data centre assets in Thailand. As of the date of this report, the Thai Data Centre Company is proceeding as planned with the subsequent implementation of the previously entered sale and purchase agreement for the Land and construction agreements for water and electricity facilities. The Group has not yet completed the acquisition of interests in the Thai Data Centre Company, and the relevant international business layout remains in the preparatory and promotion stage. For further details on the progress, please refer to the section headed "Significant Events during the Reporting Period" in the "Management Discussion and Analysis".

# MANAGEMENT DISCUSSION AND ANALYSIS

In addition, the Group has also accumulated project experience through its buildout management service business, building a collaborative network with upstream and downstream contractors and suppliers, thereby continuing to consolidate the industrial foundation for autonomous construction capabilities under the strategic transformation.

The Group will continue to promote the implementation of various works of the aforesaid data centre business in accordance with the established strategic plan. For subsequent substantive progress, the Company will perform its information disclosure obligations in a timely manner in strict accordance with relevant rules and requirements.

During the Reporting Period, the Group recorded a revenue of approximately RMB48.1 million, representing an increase of approximately RMB3.5 million or approximately 7.7% 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 RMB4.1 million, as compared with the loss of approximately RMB2.0 million recorded by the owners of the parent of the Group for the corresponding period of last year. For details on the increase in loss and analysis of revenue, cost, fees and other indicators for the Reporting Period, please refer to the section headed “Financial Review” under “Management Discussion and Analysis” of this report.

## PROSPECTS

Looking forward, the furniture segment will promote diversified business layout to reduce single reliance; strengthen supply chain management, accelerate inventory turnover, and strictly control costs and expenses to ensure cash flow safety and strive for space for transformation.

The data centre business is the core direction of the Group’s strategic development, in the data centre business segment, the Group strives to build its proprietary data centres as soon as possible, achieving dual enhancement in overall competitiveness and profitability scale.

# MANAGEMENT DISCUSSION AND ANALYSIS

In the PRC, the acquisition of land use rights of two parcels of industrial land in Inner Mongolia, the PRC is an important strategic layout for the Group to accelerate the upgrading and expansion of its data centre business and achieve breakthrough scale development. The Group will use Inner Mongolia as a strategic foothold, leveraging the “Eastern Data and Western Computing” policy and the advantages of green energy to steadily advance the construction of its own data centres. Once the project is completed, it will significantly enhance the Group’s autonomy in terms of computing power supply, cost control, and customer service, creating sustainable core competitive barriers.

In the overseas market, Thailand will serve as a key component in the Group’s international layout. In order to concentrate resources for entering the data centre market in Thailand, the Group has actively sought high-quality land plots suitable for the construction and operation of data centres. Based on preliminary assessments, the target land plots are located in the Rayong area and other suitable regions, with a total area expected to be no less than 140,000 square meters. The Group plans to provide data centre services to top tier internet companies in Thailand through multi-year contracts and progressively expand its market presence. The Group will continue to rely on the call option deed entered into with the minority shareholder Mr. Man Lap to promote the acquisition of interests in the Thai Data Centre Company in an orderly manner and accelerate the landing of the international business layout.

In summary, the Group is gradually shifting its resources and strategic focus from the adjustment cycle of its traditional furniture business to the data centre business, a high-growth business. We believe that by focusing on AI computing infrastructure layout and advancing both domestic and international data centre construction efforts, the Group will achieve a leap from “traditional manufacturing” to “intelligent computing services,” ushering in a new phase of growth.

# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL REVIEW

### Revenue

During the Reporting Period, the Group achieved a revenue of approximately RMB48.1 million, representing an increase of approximately RMB3.5 million or approximately 7.7% as compared to the corresponding period of last year. Of which:

**Furniture segment:** During the Reporting Period, the Group achieved a revenue from sales of furniture products of approximately RMB39.6 million, representing an increase of approximately RMB4.1 million or approximately 11.5% as compared to the corresponding period of last year. Of which:

During the Reporting Period, Sichuan Greenland under this segment achieved sales revenue of approximately RMB18.1 million, representing an increase of approximately RMB0.8 million or approximately 4.7% as compared to the corresponding period of last year. During the Reporting Period, the Group has adopted the strategy of trading price for volume to consolidate market share and achieved certain results. Shangcheng Smart under this segment achieved sales revenue of approximately RMB21.5 million during the Reporting Period, representing an increase of approximately RMB6.9 million or approximately 46.7% as compared to the corresponding period of last year. The growth was mainly attributable to the optimization of production processes, improvement of quality and efficiency, and the refinement of the after-sales system, and a consensus reached on furniture supply cooperation with core customers. Besides, a transaction service commission income of RMB3.6 million was recorded in the corresponding period of last year, while there was no such income contribution during the period, which offset the overall revenue growth of the segment.

**Data centre segment:** During the Reporting Period, the data centre segment achieved a revenue of approximately RMB8.5 million, representing a decrease of approximately RMB0.6 million or approximately 7.1% as compared to the corresponding period of last year. The decline in performance was mainly due to the fact that certain customers did not renew their leases upon expiry and new customer expansion did not fill in timely, resulting in a year-on-year decrease in rental income from server rack rental business.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Cost of sales

Cost of sales mainly comprised (i) raw materials used for production; (ii) cost of products purchased; (iii) labour costs; and (iv) production or operation overheads such as depreciation, amortisation of intangible assets, utilities bills, maintenance fee and rent. The Group's cost of sales for the Reporting Period was approximately RMB39.0 million, representing an increase of approximately RMB6.6 million or approximately 20.3% as compared to the corresponding period of last year. Of which:

**Furniture segment:** Cost of sales for the Reporting Period was approximately RMB32.1 million, representing an increase of approximately RMB7.7 million or approximately 31.4% as compared to the corresponding period of last year. The growth rate of cost of sales was higher than that of sales revenue, which was mainly attributable to: (i) the Group implemented a market strategy of small profits but quick turnover to consolidate its market layout and further expand its market share, which compressed the product profit margin; (ii) a relevant transaction service commission income of approximately RMB3.6 million was recorded in this segment for the corresponding period of last year, which provided additional supplement to the gross profit for that period, while there was no corresponding category of income support during the Reporting Period, further widening the growth gap between cost and revenue.

**Data centre segment:** Cost of sales for the Reporting Period was approximately RMB6.9 million, representing a decrease of approximately RMB1.1 million or approximately 13.9% as compared to the corresponding period of last year. The cost of sales decreased with the decline in revenue scale, and the decline rate of cost was higher than that of sales revenue. This was mainly attributable to the fact that: certain customers did not renew their leases upon expiry and the supplement of new customers was not timely. In response, the Group strengthened cost control and implemented measures for cost reduction and efficiency improvement. On one hand, the Group optimized the renewal scheme for server racks with expired leases to reduce the number of leased machine enclosures. On the other hand, through negotiations with suppliers, the Group promoted a certain degree of decline in rental prices. The implementation of relevant measures has taken effect and promoted for an effective reduction in cost.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Gross profit

The gross profit recognised by the Group decreased from approximately RMB12.2 million for the corresponding period of last year to approximately RMB9.1 million for the Reporting Period. Of which:

**Furniture segment:** Gross profit for the Reporting Period was approximately RMB7.5 million, representing a year-on-year decrease of approximately RMB3.6 million or approximately 32.6%. Gross profit margin decreased from approximately 31.2% in the corresponding period of last year to approximately 18.9% during the Reporting Period. This was mainly attributable to: (i) the Group adopted a competitive strategy of trading price for volume to consolidate and enhance market share, resulting in a narrowing of gross profit margin; (ii) a relevant transaction service commission income of approximately RMB3.6 million was recorded in this segment for the corresponding period of last year, which bolstered the gross profit for the same period, while there was no such income contribution for the period.

**Data centre segment:** Gross profit for the Reporting Period was approximately RMB1.6 million, representing a year-on-year increase of approximately RMB0.5 million or approximately 40.3%. Gross profit margin increased from approximately 12.5% in the corresponding period of last year to approximately 18.9% during the Reporting Period, which was mainly attributable to: the Group's continuous advancement of the strategy of cost reduction and efficiency improvement: on one hand, the Group optimized renewal arrangements for server racks with expired leases to reduce the number of leased machine enclosures, and the vacancy rate of machine enclosures decreased significantly compared to the corresponding period of last year; on the other hand, the Group obtained favorable rental prices through negotiation with suppliers, achieving effective control on the cost side and driving the year-on-year increase in gross profit margin.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Other income or loss, net

During the Reporting Period, the Group recognised other income, net of approximately RMB0.1 million, compared to other loss, net of approximately RMB2.3 million for the corresponding period of last year. The turnaround from loss to income during the Period was primarily attributable to: (i) other income during the Reporting Period primarily derived from government grants and bank interest income; (ii) the fair value difference of approximately RMB1.2 million resulting from the derecognition of original debts and the recognition of new debts due to the change in the maturity date of the 2024 Convertible Bonds for the corresponding period of last year included in profit or loss one-time; and (iii) non-recurring compensatory expenses of approximately RMB1.2 million incurred by Shangcheng Smart, for the corresponding period of last year. There were no expenses of above (ii) and (iii) incurred in the Reporting Period.

## Selling and distribution expenses

During the Reporting Period, the Group recognised selling and distribution expenses of approximately RMB4.5 million, representing an increase of approximately RMB0.9 million or approximately 26.0% 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 the corresponding increase of some sales cost such as promotion and marketing fee, handling, loading and unloading fee and installation fee following the increase of sales revenue.

## Administrative and other expenses

During the Reporting Period, the Group recognised the administrative and other expenses (including impairment loss on assets) of approximately RMB4.2 million, representing a decrease of approximately RMB3.7 million or approximately 46.5% as compared to the corresponding period of last year.

In particular, administrative and other expenses of the data centre segment amounted to approximately RMB2.3 million, representing an increase of approximately RMB0.3 million or 17.1% as compared to the corresponding period of last year. This was mainly attributable to the provision for expected trade credit losses and corresponding increase of impairment loss on goodwill during the Reporting Period.

# MANAGEMENT DISCUSSION AND ANALYSIS

Excluding the administrative expenses incurred from the data centre segment, the Group's administrative and other expenses for the Reporting Period amounted to approximately RMB1.9 million, representing a decrease of approximately RMB4.0 million or 68.1% 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 during the Reporting Period, as compared to the corresponding period of last year, resulting in a net increase of approximately RMB3.3 million. This improvement was mainly due to the Group's enhanced management of accounts receivable and prepayments collection, which achieved positive results; (ii) the furniture products segment strictly implemented cost-control measures for administrative expenses during the Reporting Period to address industry downturns, leading to an overall decrease in administrative and other expenses of approximately RMB0.7 million as compared to the previous year.

## Finance Costs

The Group incurred finance costs of approximately RMB3.3 million during the Reporting Period, while the finance costs of the Group in the corresponding period of last year was approximately RMB1.3 million, representing a year-on-year increase of approximately RMB2.0 million or approximately 162.1%. This was mainly due to: (i) the interest expense arising from the issuance of convertible bonds by the Group increased by approximately RMB1.4 million year-on-year; (ii) the implied interest of the amount due to a substantial shareholder increased by approximately RMB0.7 million during the Reporting Period; and (iii) the interest expense on lease liabilities slightly decreased year-on-year.

## Income Tax Expense

The Group had income tax expense of approximately RMB52 thousand during the Reporting Period, compared to income tax expense of approximately RMB21 thousand 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 RMB4.05 million, and profit for the period attributable to non-controlling interests was approximately RMB1.13 million (the corresponding period of last year: loss for the period attributable to the owners of the Company of approximately RMB2.0 million, and loss for the period attributable to non-controlling interests: RMB0.9 million).

## LIQUIDITY AND FINANCIAL RESOURCES

During the Reporting Period, the Group financed its operations by internally generated cash flow and the net proceeds from the placing of convertible bonds under the general mandate. As at 31 December 2025, the Group had net current assets of approximately RMB11.7 million (30 June 2025: approximately RMB13.2 million) including bank balances and cash of approximately RMB11.0 million (30 June 2025: approximately RMB42.2 million). As at 31 December 2025, the Group did not have outstanding interest-bearing bank loan (30 June 2025: nil). As at 31 December 2025, the Group's current ratio (defined as the ratio of current assets to current liabilities) was approximately 1.2 (30 June 2025: approximately 1.2).

## CAPITAL STRUCTURE

As at 31 December 2025, the Company's issued capital was approximately HK\$15,388,853 and the number of its issued ordinary shares was 153,888,529 of par value of HK\$0.1 each.

As at 31 December 2025, the Group's total equity attributable to the owners of the Company amounted to approximately RMB30.7 million (30 June 2025: approximately RMB35.9 million). The Group's equity attributable to the owners of the Company includes share capital and reserves.

# MANAGEMENT DISCUSSION AND ANALYSIS

## USE OF PROCEEDS FROM ISSUANCE OF CONVERTIBLE BONDS UNDER SPECIFIC MANDATE

### 2025 March Convertible Bonds

On 27 March 2025, the Company entered into the subscription agreement with Mr. Chatchaval Jiaravanon and CMAG Fund SPC, both being subscribers, pursuant to which the Company has conditionally agreed to issue, and the subscribers have conditionally agreed to subscribe for, the bonds in an aggregate principal amount of HK\$120,000,000 (the “**2025 March Convertible Bonds**”) in order to acquire a land parcel in Thailand and commence the data centre business of the Group in Thailand (details of which are set out in the announcement of the Company dated 27 March 2025). Based on the initial conversion price of HK\$4 per conversion share (subject to adjustment), a maximum of 30,000,000 Shares will be allotted and issued upon exercise of the conversion rights in full. The closing price per Share on the date of the subscription agreement (being 27 March 2025) was HK\$4.00.

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

As of the date of this report, the above subscription has not yet been completed.

For details of the 2025 March Convertible Bonds, please refer to the announcements or notices of the Company dated 27 March, 30 April, 25 July, 21 August, 29 September and 10 December 2025 and the poll results of the extraordinary general meeting held on 19 May 2025.

# MANAGEMENT DISCUSSION AND ANALYSIS

## USE OF PROCEEDS FROM PLACING OF CONVERTIBLE BONDS UNDER GENERAL MANDATE

On 30 June 2025, the Company issued the convertible bonds in the principal amount of HK\$20,000,000 to not less than six placees (who are either professional or institutional investors or other investors selected and procured by the placing agent and are independent) pursuant to the placing agreement. The net proceeds from the placing (after deduction of placing commission and other related expenses of the placing) are approximately HK\$19,100,000 which will be applied entirely towards payment of the refundable deposit under the call option deed dated 19 June 2025 entered into between the Company as grantee and Mr. Man as grantor (details of which are set out in the announcement of the Company dated 19 June 2025). The net price per conversion share is approximately HK\$6.11. Assuming full exercise of the conversion rights at the initial conversion price of HK\$6.4 per conversion share (subject to adjustment), the Company will allot and issue up to 3,125,000 Shares. The closing price per Share on the date of the placing agreement (being 19 June 2025) was HK\$5.81.

The planned use of net proceeds, actual use of the net proceeds for this placing and the unutilised remaining net proceeds for the six months ended 31 December 2025 are set out below:

	Planned use of net proceeds HK\$'million	Actual use of net proceeds as at 31 December 2025 HK\$'million	Unutilised net proceeds as at 31 December 2025 HK\$'million
Use of net proceeds			
Applied entirely towards payment of the refundable deposit	19.100	19.100	–
	19.100	19.100	–

As at the date of this report, the net proceeds have been fully utilised as planned.

For details of the placing of convertible bonds under general mandate, please refer to the announcements of the Company dated 19 June and 30 June 2025.

# MANAGEMENT DISCUSSION AND ANALYSIS

## GEARING RATIO

As at 31 December 2025, the gearing ratio (defined as total debt divided by total equity), where total debt represents all liabilities excluding contract liabilities, trade payables, tax payable, deferred tax liabilities and provision (if any)) was approximately 2.44 times (30 June 2025: approximately 2.13 times).

## CONTINGENT LIABILITIES

As at 31 December 2025, the Group was not aware of any contingent liabilities or guarantees.

## SIGNIFICANT INVESTMENTS HELD

As disclosed in the 2022/23 annual report of the Company, the Group subscribed for 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 previous 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 2025.

## 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 2025. 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

Litigation: References are made to the announcements of the Company dated 25 January 2022, 2 June 2023, 24 January 2024 and 2 July 2024 and the circular of the Company dated 25 March 2022 in relation to the pledge of land and buildings located in Chengdu provided by the Company to assist Yaobang Group in obtaining financing from Bank(s) of up to RMB60,000,000 (with a final loan of RMB45.0 million obtained) to develop the data centre business in the PRC. The judgement of the Dongguan Third Primary People's Court, Guangdong (廣東省東莞市第三人民法院) handed down on 16 January 2024 confirming the disposal rights of the bank to enforce the pledge and sell the properties by auction to settle the debt. Following appeals by Sichuan Greenland and the bank, the Intermediate People's Court of Dongguan City, Guangdong Province rendered a final judgment on 7 June 2024, upholding the original judgment.

As disclosed in the 2022/23 annual report, the Group has made an impairment loss of approximately RMB49.8 million on the pledged properties.

Sichuan Greenland received the court's appraisal report and auction notice in early July 2025, with an auction starting price of RMB87.3084 million. The Company will closely monitor the progress of the auction.

In response, the Board has instructed the management to establish a special working group to fully initiate the evaluation and selection of new production sites, to facilitate the relocation of the Group's production base currently located at the Properties when the Bank enforces its disposal rights. In addition, Shangcheng Smart, which was established by the Group in the end of December 2023, is also preparing to undertake part of the production capacity from the aforementioned production facilities.

The Group has filed a lawsuit against the Borrower and applied for property preservation measures, which have been accepted by the Court. The Court's default judgment on 20 June 2024 required the Borrower to release the mortgage and pay fees. As of the date of this report, the defendant has not yet fulfilled the responsibilities and obligations undertaken pursuant to the aforementioned judgment. The Group will continue to take legal measures to safeguard the interests of the Group.

# MANAGEMENT DISCUSSION AND ANALYSIS

## SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

- I. On 27 March 2025, pursuant to a subscription agreement dated 2 March 2025, the Company conditionally agreed to issue, and Mr. Chatchaval Jiaravanon and CMAG Fund SPC (the “**Subscribers**”) as subscribers conditionally agreed to subscribe for convertible bonds in an aggregate principal amount of HK\$120 million (initially as to HK\$90 million to Mr. Chatchaval Jiaravanon and HK\$30 million to CMAG Fund SPC) at the initial conversion price of HK\$4 per conversion share. Upon full conversion, Mr. Chatchaval Jiaravanon would be interested in 22,500,000 conversion shares, representing approximately 14.62% of the total issued share capital of the Company as at 30 June 2025. Subsequently:
  1. On 25 July 2025, the Company and the Subscribers entered into a supplemental agreement to extend the Long Stop Date to 20 August 2025 (or such other date as may be agreed between the parties in writing), and to revise the conditions precedent. Please refer to the announcement of the Company dated 25 July 2025 for further details.
  2. On 21 August 2025, the Company and the Subscribers entered into a further supplemental agreement to further extend the Long Stop Date to 30 September 2025 (or such other date as may be agreed between the parties in writing), and to revise the maturity date of the Bonds to one month after the Bonds Issue Date (or the next business day if it falls on a non-business day). Please refer to the announcement of the Company dated 21 August 2025 for further details.

# MANAGEMENT DISCUSSION AND ANALYSIS

3. On 29 September 2025, as the scheduled timetable of the Tender has been further extended, and to allow additional time for fulfillment of the relevant condition precedent under the Subscription Agreement, the Company and the Subscribers have entered into a second further supplemental agreement (the “**Second Further Supplemental Agreement**”), pursuant to which the parties thereto agreed to extend the Long Stop Date to 15 December 2025 or such other date as the Company and the Subscribers may agree in writing. For further details, please refer to the announcement of the Company dated 29 September 2025.
  
4. On 10 December 2025, as the scheduled timetable of the Tender has been further extended, and to allow additional time for fulfillment of the relevant condition precedent under the Subscription Agreement, the Company and the Subscribers have entered into a third further supplemental agreement (the “**Third Further Supplemental Agreement**”), pursuant to which the parties thereto agreed to extend the Long Stop Date to 15 February 2026 or such other date as the Company and the Subscribers may agree in writing. For further details, please refer to the announcement of the Company dated 10 December 2025.

The Board considers that the terms of the aforesaid supplemental agreements are fair and reasonable and are in the overall interests of the Shareholders, and do not constitute a material change to the original subscription agreement dated 27 March 2025.

For details regarding the supplemental agreement for the issue of convertible bonds under specific mandate, please refer to the announcements of the Company dated 25 July, 21 August, 29 September and 10 December, 2025.

# MANAGEMENT DISCUSSION AND ANALYSIS

- II. Reference is made to the announcement of the Company dated 19 June 2025 ("**June 2025 Announcement**") in relation to, among other things, the grant of a call option pursuant to the call option deed dated 19 June 2025 entered into between the Company as grantee and Mr. Man Lap as grantor. The Call Option is exercisable at the sole discretion of the Company as grantee at any time during the period commencing on the date of the Call Option Deed and ending on the date falling six months from the date of the Call Option Deed (i.e. 19 December 2025) or such later date as the Company and the Grantor may agree in writing (the "**Exercise Period**").

As the Call Option Deed is also conditional upon the relevant condition precedent relating to the Tender, on 10 December 2025, the Company and the Grantor entered into a supplemental deed to the Call Option Deed (the "**Supplemental Deed**"), pursuant to which the parties agreed to extend the Exercise Period so that it ends on 30 June 2026 or such later date as the Company and the Grantor may mutually agree in writing.

Save and except for the aforesaid, all other terms and conditions of the Call Option Deed (as amended by the Supplemental Deed) remain unchanged and are in full force. For further details, please refer to the announcement of the Company dated 10 December 2025.

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

# MANAGEMENT DISCUSSION AND ANALYSIS

## EVENTS AFTER THE REPORTING PERIOD

References are made to (i) the announcements of Zhi Sheng Group Holdings Limited (the “**Company**”) dated 27 March 2025, 25 July 2025, 21 August 2025, 29 September 2025 and 10 December 2025 (the “**Announcements**”) and the circular of the Company dated 30 April 2025 (the “**Circular**”) in relation to, among other things, the subscription and proposed issue of the convertible bonds and the supplemental agreement (the “**First Supplemental Agreement**”), the further supplemental agreement (the “**Further Supplemental Agreement**”), the second further supplemental agreement (the “**Second Further Supplemental Agreement**”) and the third further supplemental agreement (the “**Third Further Supplemental Agreement**”), together with the First Supplemental Agreement, the Further Supplemental Agreement and the Second Further Supplemental Agreement, the “**Supplemental Agreements**”) to the Subscription Agreement for, among others, the extension of the Long Stop Date.

As the scheduled timetable of the Tender has been further extended, and to allow additional time for fulfilment of the relevant condition precedent under the Subscription Agreement, on 13 February 2026, the Company and the Subscribers have entered into a fourth further supplemental agreement (the “**Fourth Further Supplemental Agreement**”), pursuant to which the parties thereto agreed to extend the Long Stop Date to 15 April 2026 or such other date as the Company and the Subscribers may agree in writing. For further details, please refer to the announcement of the Company dated 13 February 2026.

Save as disclosed above, as of the date of this report, the Group has no discloseable matters which are yet to be disclosed.

## INFORMATION ON EMPLOYEES

As at 31 December 2025, the Group engaged a total of 211 employees (31 December 2024: 200) including the Directors. For the six months ended 31 December 2025, total staff costs amounted to approximately RMB10.14 million (corresponding period in 2024: approximately RMB9.78 million). Remuneration (including employees’ benefits) is maintained at an attractive level and reviewed on a periodic basis. Employees’ salary and relevant benefits are determined on the basis of their performance, qualifications, experience, positions and the Group’s business performance.

# MANAGEMENT DISCUSSION AND ANALYSIS

## PLEDGE OF ASSETS

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

On 25 May 2022, Yaobang Group entered into an agreement with ICBC relating to working capital loans in an amount of RMB45.0 million with a term of 12 months. On 7 June 2024, the Intermediate People's Court of Dongguan City, Guangdong Province, issued a final judgment confirming that the bank may enforce the pledge and sell the properties by auction to settle the debt. For further details, please refer to the Company's announcement dated 25 January 2022, circular dated 25 March 2022, and subsequent voluntary announcements dated 2 June 2023 and 24 January 2024. For the latest developments, please refer to the content set out in the subsection headed "Other Matters During the Previous Financial Years" under the section headed "Management Discussion and Analysis" of this report.

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

# MANAGEMENT DISCUSSION AND ANALYSIS

## DISCLOSURE OF INTERESTS

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

As at 31 December 2025, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), (ii) to be entered into the register required to be kept therein, pursuant to Section 352 of the SFO, or (iii) to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules relating to the required standard of dealings by directors were as follows:

Name of Director	Capacity/ Nature of interest	Number of ordinary shares held/ interested	Approximate percentage of the Company’s issued share capital (Note 4)
Mr. Lai Ningning ("Mr. Lai")	Interest in a controlled corporation (Note 1)	33,000,000 (Long position)	21.44%
Mr. Ma Gary Ming Fai ("Mr. Ma")	Interest in a controlled corporation (Note 2)	26,330,040 (Long position)	17.11%
Mr. Yi Cong ("Mr. Yi")	Interest of spouse (Note 3)	8,040,000 (Long position)	5.22%

# MANAGEMENT DISCUSSION AND ANALYSIS

## Notes:

1. Such Shares are held by Lightning Cloud Ltd., which is owned as to 100% by Mr. Lai. By virtue of the Securities and Futures Ordinance (the "SFO"), Mr. Lai is deemed to be interested in the shares held by Lightning Cloud Ltd..
2. Such shares are held by Sun Universal Limited, and its 100% equity interest is owned by Mr. Ma. Mr. Ma is deemed to be interested in the shares held by Sun Universal Limited for the purpose of Part XV of the SFO.
3. Mr. Yi is the spouse of Ms. Zhang Gui Hong. Accordingly, Mr. Yi is deemed to be interested in the shares held by Ms. Zhang Gui Hong for the purpose of Part XV of the SFO.
4. Based on the total number of 153,888,529 ordinary shares in issue as at 31 December 2025.

Save as disclosed above, as at 31 December 2025, none of the Directors nor the chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions which they were taken or deemed to have under such provisions of the SFO) or (ii) to be entered into the register required to be kept therein, pursuant to section 352 of the SFO, or (iii) to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules relating to the required standard of dealings by directors.

# MANAGEMENT DISCUSSION AND ANALYSIS

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

As at 31 December 2025, the following persons (not being a Director or chief executive of the Company) had or were deemed to have interests in shares or underlying shares of the Company which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO and the GEM Listing Rules.

Name of shareholder	Capacity/ Nature of interest	Number of ordinary shares held/ interested	Approximate percentage of the Company's issued share capital (Note 5)
Lightning Cloud Ltd. ("Lightning Cloud")	Beneficial owner	33,000,000 (Long position)	21.44%
Sun Universal Limited ("Sun Universal")	Beneficial owner	26,330,040 (Long position)	17.11%
Ms. Hung Fung King Margaret ("Ms. Hung")	Interest of spouse (Note 1)	26,330,040 (Long position)	17.11%
Mr. Chatchaval Jiaravanon ("Mr. Chatchaval")	Beneficial owner (Note 2)	22,500,000 (Long position)	14.62%
Z Living International Company Limited ("Z Living International")	Beneficial owner (Note 3)	12,000,000 (Long position)	7.80%
Brilliant Talent Global Limited ("Brilliant Talent")	Beneficial owner (Note 4)	8,040,000 (Long position)	5.22%
Ms. Zhang Gui Hong ("Ms. Zhang")	Interest in a controlled corporation (Note 4)	8,040,000 (Long position)	5.22%

# MANAGEMENT DISCUSSION AND ANALYSIS

## Notes:

1. Sun Universal is owned as to 100% by Mr. Ma, and Ms. Hung is the spouse of Mr. Ma. Accordingly, Ms. Hung is deemed to be interested in the shares held by Mr. Ma for the purpose of Part XV of the SFO.
2. Pursuant to a subscription agreement dated 27 March 2025, the Company conditionally agreed to issue, and Mr. Chatchaval Jiaravanon and CMAG Fund SPC conditionally agreed to subscribe for convertible bonds in an aggregate principal amount of HK\$120 million (initially as to HK\$90 million to Mr. Chatchaval Jiaravanon and HK\$30 million to CMAG Fund SPC) at the initial conversion price of HK\$4 per conversion share. Upon full conversion, Mr. Chatchaval Jiaravanon would be interested in 22,500,000 conversion shares, representing approximately 14.62% of the total issued share capital of the Company as at 31 December 2025.
3. Z Living International, a company incorporated in Hong Kong with limited liability, is wholly owned by Mr. Zhang Ditang (張棣棠). Mr. Zhang Ditang (張棣棠) is deemed to be interested in the shares held by Even Joy for the purpose of Part XV of the SFO.
4. The entire issued share capital of Brilliant Talent is legally and beneficially owned by Ms. Zhang. Ms. Zhang is deemed to be interested in the shares held by Brilliant Talent for the purpose of Part XV of the SFO.
5. Based on the total number of 153,888,529 ordinary shares in issue as at 31 December 2025.

Save as disclosed above, as at 31 December 2025, the Company had not been notified by any person who had interests or short positions in the shares, underlying shares or debentures of the Company required to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO, or which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

## OTHER INFORMATION

### FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

During the last financial year, the Group completed the acquisition of two parcels of industrial land in Inner Mongolia: 50,034 square meters in Hohhot (RMB13.2 million) and 107,969.77 square meters in Xilingol League (RMB15.9 million), totaling approximately RMB29.1 million, each with a 50-year right of use, for the construction of self-owned data centres. At the same time, the Group has been actively seeking suitable land parcels in Thailand for the construction of data centres and has signed multi-year cooperation agreements with top-tier network companies to provide long-term data centre services. Based on the preliminary assessment, the total area of target land is expected to be approximately 140,000 square meters. To this end, the Company proposed the issue of the 2025 March Convertible Bonds (for details, please refer to the announcement dated 27 March 2025) to finance land acquisition and data centre construction. It plans to allocate up to HK\$60,000,000 for land acquisition, HK\$49,400,000 for data centre development, and approximately HK\$10,000,000 for the Group's general working capital, which aligns with the Group's development strategy and generates long-term benefits for the Group. As of the date of this report, the issue of the 2025 March Convertible Bonds has not yet been completed.

Save as disclosed in this report, as of the date of this report, the Group has no specific plans regarding significant investments or capital assets. However, the Group will continue to seek investment opportunities to align with the strategic development of the Group domestically and internationally, thereby enhancing the sustainable development of the Group.

### MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

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

# OTHER INFORMATION

## SHARE OPTION SCHEME

On 19 December 2016, the Board and shareholders of the Company through a written resolution approved and conditionally adopted the Company's share option scheme (the "**Share Option Scheme**"). The Share Option Scheme commenced on 19 December 2016 (the "**Adoption Date**") and will end on the tenth anniversary of the Adoption Date (both days inclusive), being 19 December 2026. As at 31 December 2025, the remaining life of the Share Option Scheme is approximately 11 months and 19 days. As at the date of this report, the total number of shares available for issue under the Share Option Scheme approved by the shareholders but yet to be granted by the Company was 6,500,000 (as restated), representing approximately 4.22% of the issued shares of the Company as at the date of this report. During the Reporting Period, no share options were granted under the Share Option Scheme.

On 1 June 2022, the Company has conditionally agreed to grant a share option to Mr. Li Saint Chi Sainti ("**Mr. Li**", one of the independent non-executive Directors of the Company) at a consideration of HK\$1.00, giving Mr. Li the right to require the Company to allot and issue up to 200,000 subscription shares at the subscription price in accordance with the terms of and subject to the Share Option Scheme. The options were granted at an exercise price of HK\$2.2 per share (as restated). The exercise period of the share options granted to Mr. Li was initially from the grant date to the day immediately prior to the fourth anniversary of the grant date (both days inclusive), nevertheless, Mr. Li has resigned as the independent non-executive Director on 18 October 2024. In recognition of Mr. Li's contribution to the Group during his tenure of office, in October 2024, the Board resolved to extend the exercise period to 17 October 2026. The total of 200,000 shares to be subscribed under the Share Option Scheme represent approximately 0.1300% of the existing issued share capital of the Company and approximately 0.1298% of the enlarged issued share capital of the Company, assuming the options are fully exercised. As of the Reporting Period, Mr. Li had not exercised the above share options.

## OTHER INFORMATION

The Company entered into a conditional share option deed with Mr. Lai Ningning ("Mr. Lai", one of the executive Directors of the Company) on 2 June 2021, which was approved, confirmed and ratified at the extraordinary general meeting of the Company on 2 August 2021. Accordingly, share options (the "**Share Option Deed**") were granted to Mr. Lai on 2 August 2021 (the "**Date of Grant**"). The Share Option Deed is deemed to be a one-person share option scheme for a consideration of HK\$1.00, which can only be exercised by Mr. Lai himself during the term of the Share Option Deed such that Mr. Lai is entitled to require the Company to allot and issue up to 10,000,000 subscription shares (as restated) at the subscription price, representing approximately 6.50% of the total number of issued shares of the Company (153,888,529 shares) as at 31 December 2025 and approximately 6.10% of the enlarged issued share capital of the Company, assuming the options are fully exercised, in accordance with the terms of and subject to the Share Option Deed. The exercise price of the Share Option Deed was HK\$3.5 per share (as restated). The Share Option Deed would lapse on the day immediately prior to the fourth anniversary of the grant date (i.e. 1 August 2025). During the Reporting Period, Mr. Lai had not exercised any share option. On 10 January 2025, the Company received a request from Mr. Lai to cancel the aforementioned share options, and therefore the aforementioned share options had lapsed effective from 13 January 2025.

Details of the movements in share options granted under the Share Option Scheme and the Share Option Deed during the six months ended 31 December 2025 are set out in Note 12 to the financial statements.

Save as disclosed above and in note 12 to the financial statements, as of 31 December 2025, no other share option was granted, exercised, cancelled or lapsed pursuant to the Share Option Scheme.

## OTHER INFORMATION

### POTENTIAL COMPETING BUSINESS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

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

Mr. Ma Gary Ming Fai (“**Mr. Ma**”) is an executive Director, and Ms. Hung Fung King Margaret, Mr. Ma’s spouse, holds approximately 99.9% interest in Myshowhome (Hong Kong) Limited (“**Myshowhome HK**”), which in turn holds 100% interest in Dongguan Shangpin Furniture Co., Ltd. (東莞市尚品傢俱有限公司) (“**Shangpin**”). Mr. Ma confirms that Myshowhome HK is engaged in trading business. Shangpin is a wholly foreign-owned enterprise established under the laws of the PRC on 10 July 2012 with a registered capital of HK\$8 million and is principally engaged in the trading of furniture, and therefore competes or may compete either directly or indirectly with the Group’s business.

Save as disclosed above, during the Reporting Period and up to the date of this report, none of the Directors or substantial Shareholders or any of their respective close associates (as defined under the GEM Listing Rules) has any interest in a business (apart from the Group’s business) which competes or is likely to compete, directly or indirectly, with the Group’s business, and would require disclosure pursuant to Rule 11.04 of the GEM Listing Rules.

\* For identification purpose only

## OTHER INFORMATION

### CONNECTED/RELATED PARTY TRANSACTIONS

- On 6 February 2024, the Company borrowed an interest-free and unsecured loan of approximately RMB16.3 million from Mega Data Investment Ltd. (the “SPV”). As of 31 December 2025, the balance of the loan was approximately RMB5.2 million. The SPV is a special purpose vehicle for the purpose of the formation of a JV. The SPV is owned as to 50% by Cloud Knight Global Limited (“**Cloud Knight**”), which in turn is wholly owned by Mr. Man Lap, and as to 50% by Lightning Cloud Limited (“**Lightning Cloud**”), which in turn is wholly owned by Mr. Lai Ningning, an executive Director of the Company. Since Mr. Lai is an executive Director of the Company, the above matter constitutes a connected transactions of the Company pursuant to Chapter 20 of the GEM Listing Rules. During the Reporting Period and the corresponding period of last year, there was no construction management service income and interest income from the subsidiaries of the aforementioned connected company.

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

	As at 31 December 2025 RMB'000	As at 30 June 2025 RMB'000
<b>Amount due to a related company:</b>		
Other payable and accruals		
– SPV	5,247	5,592
	5,247	5,592

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

## OTHER INFORMATION

- II. Issue of new shares to connected person (connected transaction subject to Shareholders' approval). On 21 October 2024, the Company and the Subscriber I (i.e. Lightning Cloud Ltd.) entered into the Subscription Agreement, pursuant to which the Subscriber I agreed to subscribe for 99,000,000 new shares ("**Subscription Shares I**") at HK\$0.30 per share, at an aggregate consideration of HK\$9,900,000. These shares represent: approximately 36.37% of the issued share capital as at the date of the announcement; approximately 26.67% of the share capital as enlarged by the allotment of Subscription Shares I; and approximately 24.31% of the share capital as enlarged by the allotment of Subscription Shares I and II. 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.

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, this subscription constitutes a connected transaction of the Company.

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. On 20 December 2024, all conditions precedent of the aforesaid Subscription Agreement have been fulfilled, and the completion took place on 20 December 2024 in accordance with the terms and conditions of the Subscription Agreements.

For specific details of the above-mentioned Subscriptions, 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.

## OTHER INFORMATION

- III. Cancellation of share options by a substantial shareholder. Mr. Lai previously held 10,000,000 share options granted on 2 August 2021 with an exercise price of HK\$3.5 per share for a validity period of four years. On 10 January 2025, Mr. Lai made a voluntary application for the cancellation of these share options and confirmed that he had no motivation to further increase his shareholding interest and that he had not received any compensation or consideration arrangements. The share options lapsed on 13 January 2025.
  
- IV. Financial assistance from a Director for land acquisition. During the last financial year, to settle the refundable deposit and the consideration for the acquisition of the land use right of two parcels of land located in Hohhot City and Xilingol League, the Inner Mongolia Autonomous Region, respectively, Mr. Lai provided the Group with unsecured and interest-free loan of up to RMB14 million and RMB16 million, respectively, for each of the said land acquisition. Each of the loan term is three years from the date of drawdown, repayable in one lump sum at maturity, with no penalty for early repayment. In consideration that: (i) the terms of these financial assistance are better than normal commercial terms (being interest-free and unsecured); and (ii) no assets of the Company or its subsidiaries are pledged as security, these financial assistances constitute “fully exempt connected transactions” of the Company under Rule 20.88 of the GEM Listing Rules, and are exempt from the announcement, circular, and independent shareholders’ approval requirements.

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

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

# 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.

The Audit Committee has reviewed the Group’s unaudited consolidated financial statements for the six months ended 31 December 2025. 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 statutory requirements, and that 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 2025 and up to the date of this report.

## CHANGE IN INFORMATION OF DIRECTORS

For the six months ended 31 December 2025 and up to the date of this report, 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 Reporting Period, the Company did not redeem any of its shares, and neither the Company nor any of its subsidiaries have bought or sold any shares of the Company.

## OTHER INFORMATION

### CORPORATE GOVERNANCE PRACTICES

The Group is committed to ensuring high standards of corporate governance and business practices. The Company's corporate governance practices are based on the Corporate Governance Code (the "CG Code") as set out in Appendix 15 of the GEM Listing Rules. During the period from the Listing Date to the Reporting Period, 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 2026

*As at the date of this report, 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.*