SINOCLOUD GROUP LIMITED
(THE "COMPANY")
(Company Registration No.: 34050)
(Incorporated in Bermuda on 13 August 2003)

Unaudited Condensed Interim Financial Statements for the Three Months and Full Year Ended 30 June 2022

*Pursuant to Rule 705(2C) of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist ("**Catalist Rules**"), the Company is required by the SGX-ST to continue to announce its quarterly financial statements in view of the material uncertainty relating to going concern issued by the Company's auditors in its latest audited financial statements for the financial year ended 30 June 2021.*

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, ZICO Capital Pte. Ltd. (the "**Sponsor**"), in accordance with Rule 226(2)(b) of the Catalist Rules.*

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Mr Alex Tan, Chief Executive Officer, ZICO Capital Pte. Ltd. at 77 Robinson Road #06-03 Robinson 77, Singapore 068896, telephone (65) 6636 4201.

TABLE OF CONTENTS

A. CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME 3

B. CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION 4

C. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS 5

D. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY 6

E. NOTE TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS 11

F. OTHER INFORMATION REQUIRED UNDER APPENDIX 7C OF THE CATALIST RULES 26

A. CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE 4TH QUARTER AND FULL YEAR ENDED 30 JUNE 2022
(Expressed in Hong Kong thousand dollars)

	Note	Three Months Ended			Year Ended		
		30.06.2022 (Unaudited)	30.06.2021 (Unaudited)	% + / (-)	30.06.2022 (Unaudited)	30.06.2021 (Audited)	% + / (-)
Revenue	**4**	3,178	(2,861)	N.M.	13,445	9,680	39
Depreciation of property, plant and equipment		(1,030)	(1,594)	(35)	(5,137)	(5,732)	(10)
Depreciation of right-of-use assets		(558)	(601)	(7)	(2,289)	(2,451)	(7)
Reversal of financial assets	**6**	-	630	N.M.	9,048	630	>100
Impairment loss of property, plant and equipment	**6**	(165,048)	-	N.M.	(165,048)	-	N.M.
Impairment loss of prepayment	**6**	(20,665)	(235)	>100	(20,665)	(235)	>100
Fair value loss on derivative asset		(3,201)	-	N.M.	(3,201)	-	N.M.
Bandwidth fees		(78)	(274)	(72)	(1,837)	(3,674)	(50)
Employee benefits expenses		(971)	137	N.M.	(3,801)	(2,220)	71
Other income	**5**	5,262	363	>100	5,262	2,258	>100
Other expenses		(1,636)	(3,165)	(48)	(8,290)	(11,355)	(27)
Foreign exchange (loss)/gain		(125)	1,128	N.M.	(61)	1,071	N.M.
Finance costs	**7**	(1,967)	(1,787)	10	(7,702)	(7,988)	(4)
Loss before taxation	**8**	(186,839)	(8,259)	>100	(190,276)	(20,016)	>100
Income tax credit	**9**	-	2,918	(100)	-	2,918	(100)
Loss for the financial period/year		(186,839)	(5,341)	>100	(190,276)	(17,098)	>100
Other comprehensive income:							
- Currency translation differences arising from consolidation		1,568	4,940	(68)	4,121	12,305	(67)
Other comprehensive income for the financial period/year, net of tax		1,568	4,940	(68)	4,121	12,305	(67)
Total comprehensive loss for the financial period/year		(185,271)	(401)	>100	(186,155)	(4,793)	(53)
Loss attributable to:							
- Owners of the Company		(115,156)	(3,085)	>100	(120,915)	(13,278)	>100
- Non-controlling interests		(71,683)	(2,256)	>100	(69,361)	(3,820)	>100
		(186,839)	(5,341)	>100	(190,276)	(17,098)	>100
Total comprehensive (loss)/income attributable to:							
- Owners of the Company		(113,426)	2,248	N.M.	(117,799)	(4,253)	>100
- Non-controlling interests		(71,845)	(2,649)	>100	(68,356)	(540)	>100
		(185,271)	(401)	>100	(186,155)	(4,793)	(53)
Loss per share attributable to the owners of the Company							
Basic (HK cents)	**10**	(0.73)	(0.02)	>100	(0.76)	(0.09)	>100

N.M.: Not meaningful

B. CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

SINOCLOUD GROUP LIMITED
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2022
(Expressed in Hong Kong thousand dollars)

	Note	The Group		The Company	
		As at 30.6.2022 (Unaudited)	As at 30.6.2021 (Audited)	As at 30.6.2022 (Unaudited)	As at 30.6.2021 (Audited)
ASSETS					
Non-current assets					
Property, plant and equipment	**12**	23,711	193,218	-	-
Right-of-use assets		26,625	29,592	-	-
Investment in subsidiaries		-	-	57,112	57,112
Deferred tax assets		11,966	11,966	-	-
		62,302	234,776	57,112	57,112
Current assets					
Trade and other receivables		7,346	24,324	81	110
Derivative asset		1,733	4,933	1,733	4,933
Cash and bank balances		150	461	-	-
		9,229	29,718	1,814	5,043
TOTAL ASSETS		71,531	264,494	58,926	62,155
LIABILITIES					
Current liabilities					
Trade and other payables		27,643	39,479	6,924	1,887
Contract liabilities		584	2,885	-	-
Borrowings	**13**	4,671	2,402	-	-
Redeemable convertible bond	**14**	23,638	-	23,638	-
Income tax payable		8,413	8,443	-	-
		64,949	53,209	30,562	1,887
Non-current liabilities					
Borrowings	**13**	4,584	2,390	-	-
Redeemable convertible bond	**14**	-	22,653	-	22,653
Lease liabilities		65,729	63,818	-	-
		70,313	88,861	-	22,653
TOTAL LIABILITIES		135,262	142,070	30,562	24,540
NET (LIABILITIES) / ASSETS		(63,731)	122,424	28,364	37,615
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	**15**	15,878	15,878	15,878	15,878
Share premium		481,352	481,352	481,352	481,352
Contributed surplus		16,456	16,456	16,456	16,456
Translation reserve		7,359	4,243	-	-
Statutory reserve		7,066	7,066	-	-
Revaluation reserve		98	98	-	-
Other reserve		22,384	22,384	7,264	7,264
Accumulated losses		(529,967)	(409,052)	(492,586)	(483,335)
		20,626	138,425	28,364	37,615
Non-controlling interest		(84,357)	(16,001)	-	-
TOTAL EQUITY		(63,731)	122,424	28,364	37,615

C. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

SINOCLOUD GROUP LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 30 June 2022

(Expressed in Hong Kong thousand dollars)

	Three Months Ended		Year Ended	
	30.06.2022	**30.06.2021**	**30.06.2022**	**30.06.2021**
Cash flow from operating activities				
Loss before tax	(186,839)	(8,259)	(190,276)	(20,016)
Adjustments:				
Depreciation of property, plant and equipment	1,030	1,594	5,137	5,732
Depreciation of right-of-use assets	558	601	2,289	2,451
Waiver of liabilities	(5,262)	(139)	(5,262)	(1,115)
Impairment loss of financial assets	-	(630)	(9,048)	(630)
Impairment loss of property, plant and equipment	165,048	-	165,048	-
Impairment loss of prepayment	20,665	235	20,665	235
Fair value gain/(loss) on derivative asset	3,201	(191)	3,201	(191)
Reversal of provision for warranty	-	-	-	(866)
Interest expense	1,967	1,787	7,702	7,988
Operating profit/(loss) before working capital changes	368	(5,002)	(544)	(6,412)
Trade and other receivables	(4,039)	3,214	(3,687)	(1,055)
Trade and other payables	6,898	3,001	7,527	5,714
Contract assets	-	3,549	-	-
Contract liabilities	(978)	(2,106)	(2,301)	2,623
Cash from operations	2,249	2,656	995	870
Income tax paid	-	-	-	-
Interest paid	-	(1,344)	(1,717)	(1,809)
Net cash from/(used in) operating activities	2,249	1,312	(722)	(939)
Cash flow from investing activities				
Payments to purchase property, plant and equipment	-	(54)	(447)	(54)
Net cash used in investing activities	-	(54)	(447)	(54)
Cash flow from financing activities				
Issuance of ordinary shares	-	(84)	-	9,916
Advances from/(Repayment to) director of the Company	-	2,134	-	(271)
Net advance to related parties, net	(3,510)	(3,133)	(4,438)	(3,133)
Net repayment of redeemable convertible bond	-	(10,000)	-	(2,000)
Net advance from a shareholder	528	10,514	4,584	-
Proceeds from borrowings		5,093		5,093
Repayment of borrowings	-	(7,883)	-	(8,473)
Net cash (used in)/from financing activities	(2,982)	(3,359)	146	1,132
Net (decrease)/increase in cash and cash equivalents	(733)	(2,101)	(1,023)	139
Cash and cash equivalents at beginning of the financial period/year	40	2,049	461	303
Effect of exchange rate changes in cash and cash equivalents	843	513	712	19
Cash and cash equivalents at end of the financial period/year, representing cash and bank balances	150	461	150	461

D. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

FY2022 *Group - 4th Quarter*	Attributable to equity holders of the Company								Non-Controlling Interest HK$'000	Total Equity HK$'000
	Share Capital HK$'000	Share Premium HK$'000	Contributed Surplus HK$'000	Translation Reserve HK$'000	Statutory Reserve HK$'000	Revaluation Reserve HK$'000	Other reserve HK$'000	Accum. Losses HK$'000		
Balance as at 1 April 2022	**15,878**	**481,352**	**16,456**	**5,629**	**7,066**	**98**	**22,384**	**(414,811)**	**(12,512)**	**121,540**
Loss for the period	-	-	-	-	-	-	-	(115,156)	(71,683)	(186,839)
Currency translation differences arising from consolidation	-	-	-	1,730	-	-	-	-	(162)	1,568
Total comprehensive income / (loss) for the period	-	-	-	1,730	-	-	-	(115,156)	(71,845)	(185,271)
Balance as at 30 June 2022	**15,878**	**481,352**	**16,456**	**7,359**	**7,066**	**98**	**22,384**	**(529,967)**	**(84,357)**	**(63,731)**

FY2021	Attributable to equity holders of the Company									
Group - 4th Quarter				Translation					Non-	
	Share Capital HK$'000	**Share Premium HK$'000**	**Contributed Surplus HK$'000**	**(Deficit)/ Reserve HK$'000**	**Statutory Reserve HK$'000**	**Revaluation Reserve HK$'000**	**Other reserve HK$'000**	**Accum. Losses HK$'000**	**Controlling Interest HK$'000**	**Total Equity HK$'000**
Balance as at 1 April 2021	**15,878**	**481,352**	**16,456**	**(1,090)**	**7,066**	**98**	**15,120**	**(406,490)**	**(13,350)**	**115,040**
Loss for the period	-	-	-	-	-	-	-	(3,084)	(2,258)	(5,342)
Currency translation differences arising from consolidation	-	-	-	5,333	-	-	-	-	(393)	4,940
Total comprehensive income / (loss) for the period	-	-	-	5,333	-	-	-	(3,084)	(2,651)	(402)
Contributions by and distributions to owners										
Issuance of ordinary shares	-	-	-	-	-	-	-	-	-	-
Equity component of bonds	-	-	-	-	-	-	7,264	-	-	7,264
Waiver of debts by a shareholder	-	-	-	-	-	-	-	522	-	522
Total contributions by and distributions to owners	-	-	-	-	-	-	7,264	522	-	7,786
Balance as at 30 June 2021	**15,878**	**481,352**	**16,456**	**4,243**	**7,066**	**98**	**22,384**	**(409,052)**	**(16,001)**	**122,424**

Group - Full Year	Attributable to equity holders of the Company									
	Share Capital HK$'000	**Share Premium HK$'000**	**Contributed Surplus HK$'000**	**Translation Reserve HK$'000**	**Statutory Reserve HK$'000**	**Revaluation Reserve HK$'000**	**Other reserve HK$'000**	**Accum. Losses HK$'000**	**Non-Controlling Interest HK$'000**	**Total Equity HK$'000**
Balance as at 1 July 2021	**15,878**	**481,352**	**16,456**	**4,243**	**7,066**	**98**	**22,384**	**(409,052)**	**(16,001)**	**122,424**
Loss for the year								(120,915)	(69,361)	(190,276)
Currency translation differences arising from consolidation				3,116					1,005	4,121
Total comprehensive income / (loss) for the year	-	-	-	3,116	-	-	-	(120,915)	(68,356)	(186,155)
Balance as at 30 June 2022	**15,878**	**481,352**	**16,456**	**7,359**	**7,066**	**98**	**22,384**	**(529,967)**	**(84,357)**	**(63,731)**

Group - Full Year	Attributable to equity holders of the Company									
	Share Capital HK$'000	**Share Premium HK$'000**	**Contributed Surplus HK$'000**	**Translation Reserve HK$'000**	**Statutory Reserve HK$'000**	**Revaluation Reserve HK$'000**	**Other reserve HK$'000**	**Accum. Losses HK$'000**	**Non-Controlling Interest HK$'000**	**Total Equity HK$'000**
Balance as at 1 July 2020	**14,311**	**473,003**	**16,456**	**(4,782)**	**7,066**	**98**	**15,120**	**(396,296)**	**(15,461)**	**109,515**
Loss for the year	-	-	-	-	-	-	-	(13,278)	(3,820)	(17,098)
Currency translation differences arising from consolidation	-	-	-	9,025	-	-	-	-	3,280	12,305
Total comprehensive income/ (loss) for the year	-	-	-	9,025	-	-	-	(13,278)	(540)	(4,793)
Contributions by and distributions to owners										
Issuance of ordinary shares	1,567	8,349	-	-	-	-	-	-	-	9,916
Equity component of bonds	-	-	-	-	-	-	7,264	-	-	7,264
Waiver of debts by a shareholder	-	-	-	-	-	-	-	522	-	522
Total contributions by and distributions to owners	1,567	8,349	-	-	-	-	7,264	522	-	17,702
Balance as at 30 June 2021	**15,878**	**481,352**	**16,456**	**4,243**	**7,066**	**98**	**22,384**	**(409,052)**	**(16,001)**	**122,424**

FY2022

Company - 4th Quarter

	Attributable to equity holders of the Company					
	Share capital HK$'000	**Share premium HK$'000**	**Contributed surplus HK$'000**	**Other reserve HK$'000**	**Accumulated losses HK$'000**	**Total equity HK$'000**
Balance as at 1 April 2022	**15,878**	**481,352**	**16,456**	**7,264**	**(487,892)**	**33,058**
Loss for the period	-	-	-	-	(4,694)	(4,694)
Balance as at 30 June 2022	**15,878**	**481,352**	**16,456**	**7,264**	**(492,586)**	**28,364**

FY2021

Company - 4th Quarter

	Attributable to equity holders of the Company					
	Share capital HK$'000	**Share premium HK$'000**	**Contributed surplus HK$'000**	**Other reserve HK$'000**	**Accumulated losses HK$'000**	**Total equity HK$'000**
Balance as at 1 April 2021	**15,878**	**481,352**	**16,456**	**-**	**(470,623)**	**43,063**
Recognition of equity component of convertible bonds	-	-	-	7,264	-	7,264
Waiver of debts by a shareholder	-	-	-	-	522	522
Loss for the period	-	-	-	-	(13,234)	(13,234)
Balance as at 30 June 2021	**15,878**	**481,352**	**16,456**	**7,264**	**(483,335)**	**37,615**

Company - Full Year

	Attributable to equity holders of the Company					
	Share capital HK$'000	**Share premium HK$'000**	**Contributed surplus HK$'000**	**Other reserve HK$'000**	**Accumulated losses HK$'000**	**Total equity HK$'000**
2022						
Balance as at 1 July 2021	**15,878**	**481,352**	**16,456**	**7,264**	**(483,335)**	**37,615**
Loss for the year	-	-	-	-	(9,251)	(9,251)
Balance as at 30 June 2022	**15,878**	**481,352**	**16,456**	**7,264**	**(492,586)**	**28,364**
2021						
Balance as at 1 July 2020	**14,311**	**473,003**	**16,456**	**-**	**(468,528)**	**35,242**
Issuance of shares	1,567	8,349	-	-	-	9,916
Recognition of equity component of convertible bonds	-	-	-	7,264	-	7,264
Waiver of debts by a shareholder	-	-	-	-	522	522
Loss for the year	-	-	-	-	(15,329)	(15,329)
Balance as at 30 June 2021	**15,878**	**481,352**	**16,456**	**7,264**	**(483,335)**	**37,615**

E. NOTE TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. General information

SinoCloud Group Limited (the "**Company**") is a limited liability company domiciled and incorporated in Bermuda and is listed on the Catalist board of the Singapore Exchange Securities Trading Limited. The address of the Company's registered office is Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, Bermuda.

The principal activity of the Company is investment holding. The principal activities of its significant subsidiaries relate to provision of internet data centre services.

Coronavirus (COVID-19) Impact

On 30 January 2020, the World Health Organisation declared the outbreak of COVID-19 as Public Health Emergency of International Concern. COVID-19 was subsequently characterised as a pandemic on 11 March 2020. In response to the pandemic, governments from different countries around the world have implemented containment measures to varying degrees in a bid to curb the spread of the virus. As a result, COVID-19 pandemic and its related control measures created substantial adverse impact on global economy, including that of PRC. The Group's operations, particularly, the internet data centre business in the People's Republic of China ("**PRC**"), where participation in government related projects and/or contracts are put on hold and the Group's Expansion Project[1] was terminated during fourth quarter of FY2022. In addition, COVID-19 pandemic has significant impact to the Group's major customers, in particular, their ability to make prompt payments and to adhere to agreed repayment plans. This has adversely affected the Group's cash flows.

There is significant uncertainty as to the duration of the pandemic and its impact on those economies which the Group operates in, hence, the COVID-19 pandemic will continue to affect the Group's financial performance in the upcoming financial years.

2. Basis of preparation

This condensed interim financial statements for the fourth quarter and full year ended 30 June 2022 have been prepared in accordance with *IAS 34 Interim Financial Reporting*. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last quarter financial statements for the period ended 31 March 2022.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with the International Financial Reporting Standards ("**IFRSs**"). The condensed fourth quarter and full year financial statements are presented in Hong Kong dollar ("**HK$**") and all values are rounded to the nearest thousand (HK$'000) as indicated.

Going concern

The Group incurred a net loss of HK$190,276,000 (FY2021: HK$17,098,000) for the financial year ended 30 June 2022 ("**FY2022**"), and as a result, the Group was in net current liabilities and net liabilities of HK$55,720,000 and HK$63,731,000 respectively. As of 30 June 2022, the Group's cash and bank balances available for use amounted to HK$150,000 (30 June 2021: HK$461,000) while its current liabilities amounted to HK$64,949,000 (30 June 2021: HK$53,209,000).

[1] Relates to the expansion of hosting capacity of the IDC in Guiyang, Guizhou Province in the PRC, including the construction of additional 1,500 racks, and the construction of a call center to improve response time to customers and related software development.

These facts and circumstances indicate the existence of material uncertainties that may cast significant doubts on the ability of the Group and of the Company to continue as a going concern.

The accompanying financial statements have been prepared on a going concern basis. Management's assessment of the Group's and the Company's ability to continue as a going concern includes the following key assumptions:

a) The Group has obtained continuing financial support from a substantial shareholder to enable the Group to operate as a going concern and to meet its obligations as and when they fall due. Such financial support includes not recalling the balance owing to the substantial shareholder of HK$29,309,000 (which includes the liability component of redeemable convertible bond of HK$23,638,000, borrowings of HK$4,584,000 and related redeemable convertible bond interests and borrowing interests of HK$914,000 and HK$173,000 respectively) as at 30 June 2022 unless the Group has sufficient funds for working capital and to pay other creditors in full. The substantial shareholder has also confirmed that he will extend the redeemable convertible bond due on 22 November 2022 beyond 30 June 2023. Subsequent to end of FY2022, the substantial shareholder injected HK$0.6 million and will further extend loan, if needed, to finance the Group's operation.

~~b)~~ The Company's sole operating subsidiary in the PRC, Guiyang Zhongdian Gaoxin Digital Technologies Limited ("**Guiyang Tech**") is entitled to a rent-free period of its 20-year lease of the IDC premises since 2014, unless it receives a notice from the landlord. To-date, Guiyang Tech has not received any notice from the landlord. Therefore, there is no indication that the rent-free period would cease and as such, Management is confident that this rent-free period shall be extended for at least 12 months from the date of this report.

c) Management has successfully negotiated for favourable payment terms with its key suppliers, in particular, those providing bandwidth and utilities in the IDC premises, to waive part of the outstanding payment (HK$5.1 million) and has agreed to extend its credit terms and to defer the remaining payments by at least 12 months from the reporting date. Accruals for bandwidth and energy saving service for IDC operations in the PRC amounted to HK$12.9 million as at 30 June 2022.

d) The Group is confident of deferring payment of the entire amount Loan 1 from a PRC bank of HK$4,671,000 (Note 13), of which 50% was overdue as at 30 June 2022, and Management expects to repay the entire loan in full at maturity in March 2023. A controlled entity of another substantial shareholder, the guarantor of the loan, has agreed to undertake the repayment of the entire amount of loan, should the bank request for those contractual instalment from Guiyang Tech within the next 12 months.

Please refer to Section F, Note 6, under "Working Capital", of this announcement for additional information, which should be read in conjunction with the above assessment.

If the Group and the Company are unable to continue in operational existence for the foreseeable future, the Group and the Company may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statements of financial position. In addition, the Group and the Company may have to reclassify non-current assets and liabilities as current assets and liabilities respectively, and to provide for further liabilities which may arise. Currently, no such adjustments have been made to the financial statements.

The board of directors of the Company has reviewed and concurred with Management's assessment of the Group's and the Company's ability to continue as a going concern.

2.1 New and amended standards adopted by the Group

A number of amendments to IFRSs have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards. The adoption of the new and IFRS and IFRIC Interpretations that became effective for annual reporting periods beginning on or after 1 January 2021 is not expected to result in substantial changes to the Group's financial statements.

2.2 Use of estimates and judgements

In preparing the condensed full year financial statements for FY2022, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the financial year ended 30 June 2021 ("**FY2021**").

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In the process of applying the Group's accounting policies, management is of the opinion that any instances of application of judgements are not expected to have significant effect on the amounts recognised in the financial statements.

3 Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period/year.

4 Segment and revenue information

The Group has one reportable segment, as described below, which is the Group's strategic business unit. The Group's chief operating decision maker reviews internal management reports on a quarterly basis. The following summary describes the operation in the Group's reportable segments:

- Internet data centre services: Provision of a high-performance internet data centre, cloud computing and big data services in the PRC; and
- Other business operations include investment holding and is categorised as "**All other segments**".

Information regarding the results of each reportable segment is included below. Performance is measured based on segment results as included in the internal management reports that are reviewed by the Group's Executive Chairman. All other segments' items include the followings:

- Expenses comprise mainly head office expenses;
- Assets comprise mainly other receivables; and
- Liabilities comprise mainly borrowings, amount due to directors and salary and other head office expenses payables.

4 **Segment and revenue information (continued)**

Business segments

3-months ended 30 June 2022

	Three months ended 30.06.22		
	Internet Data Centre Services	All other segments	Total
	HK$'000	HK$'000	HK$'000
Revenue from external parties	3,178	-	3,178
Segment loss	(179,765)	(5,107)	(184,872)
Finance costs			(1,967)
Loss before tax			(186,839)
Income tax			-
Loss for the financial period			(186,839)
Other segment items			
Capital expenditure	-	-	-
Depreciation of property, plant and equipment	1,030	-	1,030
Depreciation of right-of-use assets	558	-	558
Reversal/(Impairment loss) of			
– financial assets	-	-	-
– property, plant and equipment	(165,048)	-	(165,048)
– prepayment	(20,665)	-	(20,665)
Fair value loss on derivative asset	-	(3,201)	(3,201)
Other income – waiver of liabilities	5,135	127	5,262

4 **Segment and revenue information (continued)**

Business segments (continued)

3-months ended 30 June 2021

	Three months ended 30.06.21		
	Internet Data Centre Services	All other segments	Total
	HK$'000	HK$'000	HK$'000
Revenue from external parties	2,861	-	2,861
Segment loss	(5,028)	(1,444)	(6,472)
Finance costs			(1,787)
Loss before tax			(8,259)
Income tax expense			2,918
Loss for the financial period			(5,341)
Other segment items			
Capital expenditure	54	-	54
Depreciation of property, plant and equipment	1,594	-	1,594
Depreciation of right-of-use assets	601	-	601
Reversal/(Impairment loss) of			
– financial assets	630	-	630
– prepayment	(235)	-	(235)

4 **Segment and revenue information (continued)**

Business segments (continued)

FY2022

	Internet Data Centre Services	All other segments	Total
	HK$'000	HK$'000	HK$'000
Revenue from external parties	13,445	-	13,445
Segment loss	(175,691)	(6,883)	(182,574)
Finance costs			(7,702)
Loss before tax			(190,276)
Income tax			-
Loss for the financial period			(190,276)
Other segment items			
Capital expenditure	619	-	619
Depreciation of property, plant and equipment	5,137	-	5,137
Depreciation of right-of-use assets	2,289	-	2,289
Reversal/(Impairment loss) of			
– financial assets	9,048	-	9,048
– property, plant and equipment	(165,048)		(165,048)
– financial assets	(20,665)	-	(20,665)
Fair value loss on derivative asset	-	(3,201)	(3,201)
Other income – waiver of liabilities	5,135	127	5,262

4. Segment and revenue information (continued)

Business segments (continued)

FY2021

	Internet Data Centre Services	All other segments	Total
	HK$'000	HK$'000	HK$'000
Revenue from external parties	9,680	-	9,680
Segment loss	(4,975)	(7,053)	(12,028)
Finance costs			(7,988)
Loss before tax			(20,016)
Income tax expense			2,918
Loss for the financial period			(17,098)
Other segment items			
Capital expenditure	54	-	54
Depreciation of property, plant and equipment	5,732	-	5,732
Depreciation of right-of-use assets	2,451	-	2,451
Reversal/(Impairment loss) of			
– financial assets	630	-	630
– prepayment	(235)	-	(235)
Fair value gain on derivative asset	-	191	191
Other income – waiver of liabilities	395	720	1,115
Reversal of provision for warranty	866	-	866

Geographical information

The Group's two business segments operate in the following geographic areas:

- Hong Kong – The operations in this area include investment holding, treasury functions and provision of administrative and management services.
- PRC – The operations in this area are the provision of internet data centre service.

All the revenue and non-current assets are derived from and held by a subsidiary located in PRC.

4. Segment and revenue information (continued)

	Group		
	FY2022 HK$'000 (Unaudited)	**FY2021 HK$'000 (Unaudited)**	**% Increase/ (Decrease)**
First half of the financial year			
(a) Revenue	7,035	9,724	(27.7)
(b) Operating loss after tax before deducting non-controlling interests	(109)	(6,609)	(98.4)
Second half of the financial year			
(a) Revenue	6,410	(44)	N.M
(b) Operating loss after tax before deducting non-controlling interests	(190,167)	(10,489)	N.M
Full year			
(a) Revenue	13,445	9,680	38.9
(b) Operating loss after tax before deducting non-controlling interests	(190,276)	(17,098)	N.M

**N.M denotes not meaningful*

5 Other income

	Three months ended		For the year ended	
	30.06.2022 HK$'000	30.06.2021 HK$'000	30.06.2022 HK$'000	30.06.2021 HK$'000
Waiver of liabilities	5,262	139	5,262	1,115
Government grants	-	-	-	53
Reversal of provision for warranty upon expiry	-	-	-	866
Fair value gain on derivative asset	-	191	-	191
Others	-	33	-	33
	5,262	363	5,262	2,258

6 Reversal/(Impairment losses) of financial assets, property, plant and equipment and prepayment

Reversal of financial assets amounting to HK$9.0 million for the full year ended 30 June 2022 (three months and full year ended 30 June 2021: HK$0.6 million) represent recovery of trade receivables and prepayments from counter parties during the year.

Impairment loss of property, plant and equipment and prepayment amounted to HK$165,048,000 and HK$20,665,000 respectively, which relates to the termination of development of the Expansion Project during the fourth quarter for FY2022, due mainly to the continuing adverse impact from the COVID-19 pandemic and its related control measures on the Group's IDC business.

7 Finance costs

	Three months ended		For the year ended	
	30.06.2022	30.06.2021	30.06.2022	30.06.2021
	HK$'000	HK$'000	HK$'000	HK$'000
Interest expense on				
- Redeemable convertible bonds	614	1,246	2,428	2,035
- Loans	163	302	527	1,808
- Lease liabilities	1,190	239	4,747	4,145
	1,967	1,787	7,702	7,988

8 Loss before taxation

	Three months ended		For the year ended	
	30.06.2022	30.06.2021	30.06.2022	30.06.2021
	HK$'000	HK$'000	HK$'000	HK$'000
Loss before taxation is stated after charging/(crediting):				
Directors' remuneration				
- directors of the Company	38	154	274	646
Directors' fees				
- directors of the Company	90	90	360	360
Audit fees				
- auditors of the Company	238	(19)	955	859
- other auditors	83	116	83	116

9 Income tax credit

Major components of income tax credit for the year ended were:

	Three months ended		For the year ended	
	30.06.2022	30.06.2021	30.06.2022	30.06.2021
	HK$'000	HK$'000	HK$'000	HK$'000
Current income tax				
- current year	-	-	-	-
- under provision in the previous year	-	-	-	-
Deferred tax				
- current year	-	(2,918)	-	(2,918)
	-	(2,918)	-	(2,918)

10 Loss per Share

	Group			
	3 Months Ended 30 June 2022 (Unaudited)	**3 Months Ended 30 June 2021 (Unaudited)**	**Year Ended 30 June 2022 (Unaudited)**	**Year Ended 30 June 2021 (Audited)**
Loss attributable to equity holders of the Company (HK$'000)	(115,156)	(3,085)	(120,915)	(13,278)
Weighted average number of shares in issue	15,878,070,617	15,878,070,617	15,878,070,617	15,044,986,781
Loss per ordinary share (HK cents)				
- Based on weighted average number of ordinary shares in issue	**(0.73)**	**(0.02)**	**(0.76)**	**(0.09)**
- On a fully diluted basis	**(0.73)**	**(0.02)**	**(0.76)**	**(0.09)**

Note:
The Convertible Bond which will expire on 22 November 2022 (the date falling 2 years from the date of the subscription notice of the Convertible Bond being served), has no dilutive effect for the year ended 30 June 2022.

11 Related party information

Transactions between the Company and its subsidiaries, which are related companies of the Company, have been eliminated on consolidation and are not disclosed in this Note. Details of transactions between the Group and other related parties are disclosed below.

	Three months ended		For the year ended	
	30.06.2022	30.06.2021	30.06.2022	30.06.2021
	HK$'000	HK$'000	HK$'000	HK$'000
Payment on behalf of a related party	-	-	-	4
Advances to a key management personnel	-	-	-	59
Net (repayment to)/ advances from directors, net	-	-	-	(271)
Net (repayment to)/ advances from related parties, net	(3,510)	(3,133)	(4,438)	(3,133)
Net (repayment to)/ advances from an associate	-	-	-	170
Waiver of key management personnel compensation	-	720	-	720
Waiver of debts from a shareholder	-	522	-	522
Key management personnel compensation				
Directors of the Company				
- Salary and related costs	75	-	274	303
- Contribution to defined contribution plans	4	-	14	12
- Directors' fee	90	90	360	360
Other key management personnel				
- Salary and related costs	240	289	792	1,002
	409	379	1,440	1,677
Categories of total compensation				
- Short-term employment benefits	405	379	1,426	1,665
- Post-employment benefits	4	-	14	12
	409	379	1,440	1,677

12 Property, plant and equipment

Acquisition and impairment loss of property, plant and equipment of HK$744,000 and HK$165,048,000, respectively, were made during FY2022 (FY2021: acquired assets of HK$54,000). For impairment loss of property, plant and equipment, please refer to note 6 for details.

13 Borrowings

	Interest rate	Due within 1 year	Due after 1 year but less than 5 years	Total
		HK$'000	HK$'000	HK$'000
Group				
As at 30 June 2022				
Loan 1 (Unsecured) - Fixed rate	7.20%	4,671	-	4,671
Loan 2 (Unsecured) - Fixed rate	6.00%	-	300	300
Loan 3 (Unsecured) - Fixed rate	6.00%	-	550	550
Loan 4 (Unsecured) - Fixed rate	6.00%	-	1,500	1,500
Loan 5 (Unsecured) - Fixed rate	6.00%	-	1,000	1,000
Loan 6 (Unsecured) - Fixed rate	6.00%	-	200	200
Loan 7 (Unsecured) - Fixed rate	10.00%	-	305	305
Loan 8 (Unsecured) - Fixed rate	10.00%	-	201	201
Loan 9 (Unsecured) - Fixed rate	10.00%	-	248	248
Loan 10 (Unsecured) - Fixed rate	10.00%	-	180	180
Loan 11 (Unsecured) - Fixed rate	10.00%	-	100	100
		4,671	4,584	9,255
As at 30 June 2021				
Loan 1 (Unsecured) - Fixed rate	7.20%	2,402	2,390	4,792

Company
As at 30 June 2022 and 30 June 2021
Nil

Loan 1
This loan was obtained by Guiyang Tech from a PRC bank to finance its working capital and is guaranteed by a key management personnel of Guiyang Tech and his controlled entity. The loan is repayable on a half-yearly basis, commencing in September 2021 and is expected to be fully settled in March 2023.

Loan 2 to Loan 6
The loans are due to a substantial shareholder of the Company ("**Shareholder A**"). The loans are unsecured, interest bearing at 6% per annum and repayment after one year.

Loan 7 to Loan 11
The loans are due to Shareholder A. The loans are unsecured, interest bearing at 10% per annum and repayment after one year.

14 Liability Component of Redeemable Convertible Bonds

On 23 November 2020, the Company issued the convertible bonds ("**Bond**") with a principal amount of HKD31,060,000 at a subscription price of 100% of the principal amount of the Bond. For details of the terms and definitions, please refer to the Company's announcement on 11 October 2020. The principal terms and conditions of the Bond are summarised as follows:

Principal Amount	:	Up to HK$31,060,000 (equivalent to S$5,546,429, at the fixed exchange rate).
Issue Price	:	100% of the aggregate principal amount of the Bond.
Interest Rate	:	The Bond bears interest at a rate of 6.0% simple interest on 365-day basis, payable quarterly.
Maturity Date	:	The Bond shall be redeemable at 100% of its principal amount together with all accrued and unpaid interest that was scheduled to be paid at the Maturity Date, on the date falling two (2) years from the date of the issue of the Bond ("**Issue Date**").
Issue Date	:	23 November 2020
Purchase	:	The Company and/or any of its related corporations may at any time purchase the Bond from the Bondholder. All Bond purchased by or on behalf of the Company or any of its related corporations may be surrendered for cancellation by and, if so surrendered, shall together with all Bond redeemed by the Company, be cancelled forthwith.
Conversion	:	Convert at S$0.0011 per share at a fixed exchange rate of S$1.00 : HK$5.60.
Voluntary Conversion	:	The Bondholder may convert all or part of the outstanding Bond and any accrued and unpaid interest in respect of the Bond (if and where the Bondholder waives its right for cash payment of such amount) into new Shares at the Conversion Price at any time within the period commencing three (3) months from the Issue Date up until the Maturity Date. The Company may reject any conversion of Bond of an aggregate principal amount of less than HK$1,000,000.

The Bond contains two components, the liability and equity components. The initial fair value of the two components was determined based on gross proceeds at issuance. The initial fair value of the liability component was estimated to be approximately HK$27,261,000 as at the Issue Date by using the Trinomial Tree Model, taking into account the terms and conditions of the Bond. In subsequent periods, the liability component is measured at amortized cost using effective interest rate method. The effective interest rate of the liability component of Bond is 10.42% per annum. The residual amount representing the value of the equity component of approximately HK$3,799,000, was presented in equity under the heading 'other reserve'. Fair value of the liability component was determined using the Trinomial Tree Model and the major inputs into the model are as follows:

	At Issue Date
Stock price	S$0.001
Exercise price	S$0.0011
Credit spread	10.3%
Option life	2 years
Risk free rate	0.12%

15 Share Capital

(a) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on.

	Group and Company			
	Number of shares	**Amount (HK$'000)**	**Number of shares**	**Amount (HK$'000)**
As at 31 March 2022 and 30 June 2022	15,878,070,617	15,878	15,878,070,617	15,878

(b) State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

	As at 30 June 2022	**As at 30 June 2021**
Number of shares that may be issued on conversion of all outstanding convertibles	4,383,378,402[(1)]	4,383,378,402[(1)]
Total number of issued shares (excluding treasury shares and subsidiary holdings)[(2)]	15,878,070,617[(3)]	15,878,070,617[(3)]

Notes:

(1) On 7 October 2020, the Company entered into a convertible bond agreement (the "**Convertible Bond Agreement**") with Mr. Lam Cho Ying Terence Joe (the "**Subscriber**" or "**Mr. Lam**"), pursuant to which the Subscriber agreed to subscribe for a bond in principal amount of up to HK$31,060,000 (equivalent to S$5,546,429, at a fixed exchange rate of S$1.00 : HK$5.60) to be issued by the Company ("**Convertible Bond**") at a subscription price of 100% of the principal amount of the Convertible Bond ("**Subscription Price**"), on the terms and subject to the conditions of the Convertible Bond Agreement. The maximum number of conversion shares which may be allotted and issued to the Subscriber upon the full conversion of the Convertible Bond, including the accrued and unpaid interest up to the maturity date, is 5,647,272,727 new shares, at a conversion price of S$0.0011 per share ("**Bond Issuance**"). The Bond Issuance has been duly approved by shareholders of the Company at the extraordinary general meeting held on 30 October 2020.

On 23 November 2020, the Subscriber subscribed for the full amount of the Convertible Bond of HK$31.06 million. Subsequent to the full subscription, the Company has redeemed

in aggregate of HK$7.0 million of the Convertible Bond from the Subscriber as at 30 June 2021. The outstanding principal amount of the Convertible Bond of HK$24.06 million will expire on 22 November 2022. Accordingly, the maximum number of conversion shares which may be allotted and issued to the Subscriber upon full conversion of the remaining Convertible Bond of HK$24.06 million is 4,383,378,402. As at the date of this announcement, no conversion of the Convertible Bond has taken place.

(2) There were no treasury shares and subsidiary holdings as at 30 June 2021 and 30 June 2022.

(3) The Company had, on 17 December 2020, entered into a placement agreement with two placees. The placees have agreed to subscribe for an aggregate of 1,567,400,000 new ordinary shares in the capital of the Company at an issue price of S$0.0011 per share, amounting to an aggregate consideration of S$1,724,140 (equivalent to approximately HK$10.0 million on the basis of an agreed exchange rate at S$1.00:HK$5.80) ("**Placement**"). The completion of the Placement has taken place on 11 January 2021.

16 Net (Liability) / Asset Value

	Group		Company	
	As at 30 June 2022 (Unaudited)	**As at 30 June 2021 (Unaudited)**	**As at 30 June 2022 (Unaudited)**	**As at 30 June 2021 (Unaudited)**
Net (liability) / asset value (HK$'000)	(63,731)	122,424	28,364	37,615
Number of shares in issue	15,878,070,617	15,878,070,617	15,878,070,617	15,878,070,617
Net (liability) / asset value per ordinary share (HK$)	(0.0040)	0.0077	0.0018	0.0024

17 Subsequent Events

There are no known subsequent events which have led to adjustments to this set of condensed interim consolidated financial statements.

F. OTHER INFORMATION REQUIRED UNDER APPENDIX 7C OF THE CATALIST RULES

1 Review

The condensed consolidated statement of financial position of the Company and its subsidiares (collectively, the "**Group**") as at 30 June 2022 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the three-month period and full year ended 30 June 2022 and certain explanatory notes have not been audited or reviewed.

2 To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

The total number of issued shares excluding treasury shares as at 30 June 2022 and 30 June 2021 was 15,878,070,617. There were no treasury shares as at 30 June 2022 and 30 June 2021.

3. A statement showing all sales, transfers, cancellation, and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable. The Company did not have any treasury shares during and as at the end of the current financial period reported on.

4. A statement showing all sales, transfers, cancellation, and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable. The Company did not have any sales, transfers, cancellation, and/or use of subsidiary holdings during and as at the end of the current financial period reported on.

5. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion: to provide (a) updates on the efforts taken to resolve each outstanding audit issue; and (b) confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been disclosed. This is not required for any audit issue that is a material uncertainty relating to going concern.

The latest audited financial statements of the Group for the financial year ended 30 June 2021 were subject to a disclaimer of opinion. The disclaimer of opinion ("**Disclaimer of Opinion**") was in relation to (i) impairment assessment of property, plant and equipment, right-of-use asset and prepayments, (ii) recoverability of deferred tax asset, and (iii) impairment assessment of investment in subsidiaries. Please refer to the Company's announcement dated 13 October 2021 as well as the annual report of the Company for financial year ended 30 June 2021 for further information on the Disclaimer of Opinion.

The board of directors of the Company ("**Directors**" or "**Board**") and the Management confirm that, due to the termination of the Expansion Project in the fourth quarter of FY2022, the revenue forecast and the underlying assumptions used in the discounted cash flow projection ("**DCF**") prepared by the Management to derive the value in use ("**VIU**") of the IDC operated by Guiyang Tech has been changed as at 30 June 2022, whereby a revised DCF was made.

The Directors and the Management confirm that there are no outstanding audit issues on the financial statements to be disclosed.

6. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

(A) REVIEW OF FINANCIAL RESULTS

Revenue

Revenue was HK$3.2 million for the three months ended 30 June 2022 ("**3M FY2022**"). The derecognition of revenue amounting to HK$2.9 million in the three months ended 30 June 2021 ("**3M FY2021**") was due to amount not fulfilling the definition of revenue under IFRS 15 following completion of the FY2021 audit. The aforementioned deregcognition of revenue has been announced by the Company in its announcement on 13 October 2021, in relation to the material variances between unaudited and audited full year financial statements for FY2021, as well as under the section entitled "Message from Executive Chairman" (Page 2) of the Company's FY2021 Annual Report.

Revenue increased by HK$3.8 million, from HK$9.7 million in the full year ended 30 June 2021 ("**FY2021**") to HK$13.5 million in the full year ended 30 June 2022 ("**FY2022**"), due to increase in customer demand mainly from the government sector during FY2022.

Other income

Other income of HK$5.3 million in the 3M FY2022 relates to the waiver of liabilities from various suppliers of the Group arising from cost saving measures implemented within the Group, whereas the other income reported in the 3M FY2021 mainly represented the waiver of remuneration for the directors of the Company, and fair value gain on derivative asset.

Other income of HK$5.3 million in FY2022 relates to the waiver of liabilities from various suppliers of the Group arising from cost saving measures implemented within the Group. Other income of HK$2.3 million in FY2021 mainly comprised (i) waiver of liabilities of HK$1.1 million attributable to waiver of remuneration accrued and unpaid to the directors of the Company and management fee to other vendor, arising from cost saving measures implemented within the Group, (ii) reversal of provision for warranty of HK$0.9 million due to expiry of service warranty period, and (iii) fair value gain on derivative asset of HK$0.2 million.

Expenses

Depreciation of property, plant and equipment ("**PPE**") decreased by HK$0.6 million, from HK$1.6 million in the 3M FY2021 to HK$1.0 million in the 3M FY2022, and decreased by HK$0.6 million, from HK$5.7 million in FY2021 to HK$5.1 million in FY2022, as a result of the full depreciation of respective PPE.

Depreciation of right-of-use assets amounted to HK$0.6 million in the 3M FY2022 and HK$2.3 million in FY2022 (3M FY2021 and FY2021: HK$0.6 million and HK$2.5 million respectively). The decrease during FY2022 was due to reassessment of lease liabilities and right-of use assets during the year.

Reversal of financial assets was (i) HK$0.6 million in 3M FY2021 and FY2021, and (ii) HK$9.0 million in FY2022, of which HK$8.8 million was attributable to the utilisation of prepayment made to a vendor previously, fully impaired to offset against trade payables owing to the same party during FY2022. An agreement was signed by the Group with the vendor on the aforementioned offset of prepayment against the outstanding trade payable owed to the vendor. The remaining reversal of financial assets of HK$0.2 million in FY2022 related to a reversal of impairment loss of financial assets due to debt recovery from customers.

Impairment loss of property, plant and equipment of HK$165.0 million and impairment loss of prepayment of HK$20.7 million for 3M FY2022 and FY2022, represented the corresponding assets impaired as a result of termination of development of the Expansion Project. Please refer to Section E, Note 6, of this announcement for more information.

Fair value loss on derivative asset of HK$3.2 million for 3M FY2022 and FY2022 (3M FY2021 and FY2021: Nil) relates to movement of the Company's redemption option for the redeemable convertible bond during FY2022.

Bandwidth fees decreased by HK$0.2 million, from HK$0.3 million in the 3M FY2021 to HK$0.1 million in the 3M FY2022, and decreased by HK$1.9 million, from HK$3.7 million in FY2021 to HK$1.8 million in FY2022, as a result of termination of excess broadband services during the financial period.

Employee benefits expenses for 3M FY2022 of HK$1 million relates to salaries and staff welfare paid to the directors and employee, and write-back of employee benefits expenses of HK$0.1 million for 3M FY2021 was mainly due to over-accrual of employee benefits. Employee benefits expenses increased by HK$1.6 million to HK$3.8 million in FY2022, from HK$2.2 million in FY2021, mainly due to the increase in hiring of staff to fulfill a government bureau hosting project during FY2022.

Other expenses, comprising primarily office overhead, operating lease expenses, legal and professional fee and utility service fee, decreased by HK$1.6 million, from HK$3.2 million in 3M FY2021 to HK$1.6 million in 3M FY2022. It decreased by HK$3.1 million, from HK$11.4 million in FY2021 to HK$8.3 million in FY2022, mainly due to the decrease in utility service fee as well as office overhead.

Foreign exchange loss was HK$0.1 million in 3M FY2022 and HK$0.06 million in FY2022, respectively (3M FY2021 and FY2021: foreign exchange gain of HK$1.1 million and HK$1.1 million respectively), mainly due to the appreciation of Renminbi ("**RMB**") against Hong Kong Dollar ("**HKD**") in FY2022 while depreciation of RMB against HKD in FY2021.

Finance costs increased by HK$0.2 million, from HK$1.8 million in the 3M FY2021 to HK$2.0 million in the 3M FY2022, attributable to increase in loans from a shareholder in the 3M FY2022. It decreased by HK$0.3 million, from HK$8.0 million in FY2021 to HK$7.7 million in FY2022, mainly due to restructuring of certain loans from a shareholder of the Company to redeemable convertible bonds, and a loan from bank with lower interest rates in the second half of FY2021.

Income tax

There was no income tax reported in the 3M FY2022 and FY2022 as there was no assessable profit generated during the respective periods. Income tax credit amounted to HK$2.9 million in the 3M FY2021 and HK$2.9 million in FY2021, due to reversal of deferred tax during the period.

Net loss after taxation

As a result of the aforesaid, the Group recorded a loss after tax of HK$186.8 million in the 3M FY2022 (3M FY2021: loss after tax of HK$5.3 million), and a loss after tax of HK$190.3 million in FY2022 (FY2021: loss after tax of HK$17.1 million).

(B) REVIEW OF FINANCIAL POSITION

Non-Current Assets

Non-current assets of the Group amounted to HK$62.3 million and HK$234.8 million as at 30 June 2022 and 30 June 2021 respectively. Non-current assets comprised (i) property, plant and equipment; (ii) right-of-use assets; and (iii) deferred tax assets.

(i) Property, plant and equipment

The net book value of property, plant and equipment decreased by HK$169.5 million, from HK$193.2 million as at 30 June 2021 to HK$23.7 million as at 30 June 2022. The decrease was mainly due to impairment loss of HK$165.0 million and depreciation charge of HK$5.1 million, partially offset by translation gain of HK$0.6 million arising from appreciation of RMB against HKD during FY2022.

(ii) Right-of-use assets

The net book value of right-of-use assets decreased by HK$3.0 million, from HK$29.6 million as at 30 June 2021 to HK$26.6 million as at 30 June 2022. The decrease was due to depreciation charge of HK$2.3 million and the translation loss of HK$0.7 million during FY2022.

(iii) Deferred tax assets

Deferred tax assets remained unchanged at HK$12.0 million as at 30 June 2022 and 30 June 2021. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilised.

Current Assets

Current assets decreased by HK$20.5 million, from HK$29.7 million as at 30 June 2021 to HK$9.2 million as at 30 June 2022. Current assets comprised (i) trade and other receivables; (ii) derivative asset; and (iii) cash and bank balances.

(i) Trade and other receivables

Trade and other receivables decreased by HK$17.0 million, from HK$24.3 million as at 30 June 2021 to HK$7.3 million as at 30 June 2022. Trade and other receivables as at 30 June 2022 comprise trade receivables of HK$1.7 million, amount due from a related party of HK$4.1 million and other receivables and prepayment of HK$1.5 million.

Trade receivables increased by HK$1.0 million, from HK$0.7 million as at 30 June 2021 to HK$1.7 million as at 30 June 2022. The increase was mainly due to increase in revenue generated by GYZD during FY2021 which remained uncollected as at 30 June 2022.

Amount due from a related party of HK$4.1 million as at 30 June 2022 (30 June 2021: HK$1.3 million included in other receivables and prepayment) relates to advances to a related party of the new controlling shareholder of the Company. The amount is unsecured, interest-free and repayable on demand.

Other receivables and prepayment decreased by HK$22.1 million, from HK$23.7 million as at 30 June 2021 to HK$1.5 million as at 30 June 2022, due to impairment loss made on prepayment for software development for the IDC business as a result of the termination of the Expansion Project during FY2022.

(ii) Derivative asset

Derivative asset decreased by HK$3.2 million, from HK$4.9 million as at 30 June 2021 to HK$1.7 million as at 30 June 2022, due to fair value loss in the Company's redemption option embedded in the redeemable convertible bonds during the year.

(iii) Cash and bank balances

Cash and bank balances decreased by HK$0.3 million, from HK$0.5 million as at 30 June 2021 to HK$0.2 million as at 30 June 2022. Please refer to "Cashflows" for the movement in cash and cash equivalents.

Current Liabilities

Current liabilities increased by HK$11.7 million, from HK$53.2 million as at 30 June 2021 to HK$65.0 million as at 30 June 2022, mainly due to the following:

(i) Trade and other payables

Trade and other payables decreased by HK$11.8 million, from HK$39.5 million as at 30 June 2021 to HK$27.6 million as at 30 June 2022. Trade and other payables as at 30 June 2022 comprised (a) trade payables of HK$0.7 million; (b) accruals and other payables of HK$23.5 million; (c) amount due to directors of HK$0.4 million; (d) amount due to related parties of HK$1.9 million; (e) redeemable convertible interest payable of HK$0.9 million; and (f) loan interest payable of HK$0.2 million.

(a) Trade payables decreased by HK$7.7 million, from HK$8.4 million as at 30 June 2021 to HK$0.7 million as at 30 June 2022, mainly due to the settlement of payables owing to a party by offsetting with prepayment (which was previously fully impaired) during FY2022. Please refer to the section on "Review of Financial Results – Expenses: Reversal of financial assets" above for further information.

(b) Accruals and other payables decreased by HK$6.4 million, from HK$29.9 million as at 30 June 2021 to HK$23.5 million as at 30 June 2022, mainly due to waiver of liabilities of HK$5.1 million from a broadband service provider and settlement of other payables during FY2022.

(c) Amount due to Directors of the Company increased by HK$0.3 million, from HK$0.1 million as at 30 June 2021 to HK$0.4 million as at 30 June 2022, as a result of an increase in unsettled directors' fees during FY2022.

(d) Amount due to related parties of HK$1.9 million as at 30 June 2022 (30 June 2021: HK$0.2 million) relate to advances from related parties. The amounts were unsecured, interest-free and repayable on demand.

(e) Redeemable convertible interest payable of HK$0.9 million as at 30 June 2022 (30 June 2021: HK$0.9 million) relates to unpaid coupon interest for the Convertible Bond issued in November 2020.

(f) Loan interest payable of HK$0.2 million as at 30 June 2022 (30 June 2021: Nil) related to the unpaid loan interest for loans extended to the Company by a substantial shareholder of the Company during FY2022.

(ii) Contract liabilities

Contract liabilities decreased by HK$2.3 million, from HK$2.9 million as at 30 June 2021 to HK$0.6 million as at 30 June 2022, due to the receipt of customer deposit for an IDC contract where the corresponding IDC service has yet to be fully performed as at 30 June 2022.

(iii) Borrowings

Borrowings increased by HK$2.3 million, from HK$2.4 million as at 30 June 2021 to HK$4.7 million as at 30 June 2022, due to an increase in the current portion of a loan from a PRC bank during FY2022.

(iv) Redeemable convertible bond

Redeemable convertible bond increased from HK$22.7 million as at 30 June 2021 (classified under non-current liabilities) to HK$23.6 million as at 30 June 2022 (classified under current liabilities). This amount has been reclassified from non-current liabilities to current liabilities, as the bond will expire on 22 November 2022, which is less than one year from the financial year end of 30 June 2022. The amount recorded under redeemable convertible bond relates to the liability component of the Convertible Bond entered into by the Company with the Subscriber on 7 October 2020. In November 2020, the Subscriber subscribed for the full amount of the Convertible Bond of HK$31.06 million, and there were subsequent redemptions by the Company in December 2020, January 2021 and March 2021, as described in Note 14 under Section E of this announcement. Details of the terms and conditions are set out in the Company's announcement dated 11 October 2020.

The increase of HK$0.9 million was mainly due to accumulated amortisation of interest expense of HK$2.4 million, partially offset by the accrued coupon interest of HK$1.5 million during FY2022.

Non-current Liabilities

Non-current liabilities decreased by HK$18.6 million, from HK$88.9 million as at 30 June 2021 to HK$70.3 million as at 31 March 2022. Non-current liabilities comprised (i) borrowings; (ii) redeemable convertible bond; and (iii) lease liabilities.

(i) Borrowings

Borrowings increased by HK$2.2 million, from HK$2.4 million as at 30 June 2021 to HK$4.6 million as at 30 June 2022. This was due to the loans of HK$4.6 million extended by a substantial shareholder of the Company, Mr Lam, to the Company, partially offset by the reclassification of a current portion of a loan from a PRC bank of HK$2.4 million to current borrowings during FY2022.

(ii) Redeemable convertible bond

Please refer to the section entitled "Current Liabilities: (iv) Redeemable convertible bond" above for information on the redeemable convertible bond.

(iii) Lease liabilities

Lease liabilities increased by HK$1.9 million, from HK$63.8 million as at 30 June 2021 to HK$65.7 million as at 30 June 2022, due to interests incurred of HK$4.7 million, partially offset by the effect of appreciation of RMB against HKD amounting to HK$2.8 million during the period.

Working Capital

Due to the changes in current assets and current liabilities as described above, the Group reported a negative working capital of HK$55.7 million as at 30 June 2022 (30 June 2021: HK$23.5 million). The Board is of the view that the Group's current liabilities include an amount of HK$56.7 million (accounting for 87% of the Group's total current liabilities) which is not expected to be payable by the Group within the next 12 months. The reasons are set out below:

(a) Under trade and other payables

(i) PRC value added tax of HK$8.2 million arose largely due to IFRS adjustments (i.e. IFRS adjustments against PRC GAAP as the accounts of GYZD have been prepared based on PRC GAAP). Such VAT will only be required to be paid when sales revenue is collected by GYZD, along with the issuance of the respective VAT receipts.

(ii) Amount due to related parties amounted to HK$1.9 million. Management had negotiated with the related parties for not demanding repayment within one year from 30 June 2022.

(iii) Accruals for bandwidth and energy saving service for IDC operations in the PRC of HK$12.9 million. GYZD has yet to receive the supplier invoice for the aforesaid service and Management expects that the payment for such service fee can be extended by the service provider.

(iv) Interest payable for loan and convertible bond issued to a substantial shareholder of the Company (being Mr. Lam) amounting to HK$1.1 million. The management had negotiated with Mr. Lam on extension for payment of such interest payable, and expects to receive continued financial support from Mr. Lam.

(b) Contract liabilities of HK$0.6 million relate to advance payment received by GYZD in respect of a government contract secured by GYZD. The amount will be recorded as revenue once the performance of contract is completed.

(c) Redeemable convertible bond of HK$23.6 million relates to the convertible bond issued to Mr. Lam. The Group has obtained continuing financial support from Mr. Lam to enable the Group to operate as a going concern and to meet its obligations as and when they fall due. Such financial support includes not recalling the balance owing to Mr. Lam of HK$29,309,000 (which includes the liability component of redeemable convertible bond of HK$23,638,000, borrowings of HK$4,584,000 and related redeemable convertible bond interests and borrowing interests of HK$914,000 and HK$173,000 respectively) as at 30 June 2022 unless the Group has sufficient funds for working capital and to pay other creditors in full.

(d) Income tax payable of HK$8.4 million arose from IFRS adjustment against PRC GAAP (as the accounts of GYZD have been prepared based on PRC GAAP). No such tax is required to be settled as GYZD is loss making (based on accounts of GYZD prepared based on PRC GAAP) in 2021.

Further to the above, the Company is actively seeking equity placement to strengthen the Group's financial position. Please refer to Note 2 under Section E of this announcement for information on the Management's assessment of the Group's and the Company's ability to continue as a going concern.

(C) CASH FLOWS

(a) 3M FY2022

Net cash from operating activities in 3M FY2022 amounted to HK$2.3 million. This was mainly due to (i) decrease in trade and other payables of HK$6.9 million; and (ii) operating profit before working capital changes of HK$0.4 million, partially offset by (iii) decrease in trade and other receivables of HK$4.0 million; and (iv) decrease in contract liabilities of HK$1.0 million.

There was no net cash from or used in investing activities in 3M FY2022.

Net cash used in financing activities amounted to HK$3.0 million in 3M FY2022, mainly due to net advance to related parties of HK$3.5 million, partially offset by the net advance from a shareholder of HK$0.5 million.

As a result, the Group's cash and cash equivalents increased from HK$0.04 million as at 31 March 2022 to HK$0.2 million as at 30 June 2022.

(b) FY2022

Net cash used in operating activities in FY2022 amounted to HK$0.7 million. This was mainly due to (i) operating loss before working capital changes of HK$0.5 million; (ii) increase in trade and other receivables of HK$3.7 million; (iii) decrease in contract liabilities of HK$2.3 million; and (iv) interest paid of HK$1.7 million, partially offset by (v) increase in trade and other payables of HK$7.5 million.

Net cash used in investing activities in FY2022 of HK$0.5 million was due to payments to the purchase of property, plant and equipment during FY2022.

Net cash from financing activities amounted to HK$0.2 million in FY2022, mainly due to (i) net advance from a shareholder of HK$4.6 million, partially offset by (iii) net advances to related parties of HK$4.4 million.

As a result, the Group's cash and cash equivalents decreased from HK$0.5 million as at 30 June 2021 to HK$0.2 million as at 30 June 2022.

7. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

Not applicable. There was no forcast or prospect statement previously disclosed to shareholders.

8. A commentary at the date of the announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

The Group derives its revenue primarily from its principal subsidiary, Guiyang Tech. As disclosed in Note 1 of the unaudited result announcement above, due to continuing adverse effect of COVID-19 pandemic and the associated control measures affecting the financial performance of the Group in the past years, the Group decided to terminate the Expansion Project during FY2022, the corresponding property, plant and equipment and prepayment was recognised as impairment losses in the consolidated statement of profit or loss and other comprehensive income during the year.

A downward trend of service fees as well as lower customers' demand continue to result in a decrease in revenue. Notwithstanding the foregoing, numerous new orders which have been secured during the year FY2022, will enable Guiyang Tech to partially fill up existing rack capacity.

The Company had, on 30 October 2020, obtained shareholders' approval for, *inter alia*, the proposed diversification of the Group's existing business to include new businesses (which comprise tourism, food and beverage, and entertainment). The Company is exploring potential opportunities in the new businesses. The Company will make the necessary announcements in compliance with the requirements of the Catalist Rules as and when there is material development. Please refer to the Company's circular to shareholders dated 14 October 2020 for further details on the aforementioned proposed diversification.

Since then, the Group is exploring various alternatives to further strengthen its financial position to ensure it has the ability to expand and diversify its businesses in addition to its current cost cutting measures to reduce operating costs and expenses. The Company will make the necessary announcement(s) in compliance with the requirements of the Catalist Rules as and when there is material development.

9. In the review of performance, the factors leading to any material changes in contributions in turnover and earnigns by the business of geographical segments.

Please refer to aforesaid section 8 for details.

10. Dividend

If a decision regarding dividend has been made :-

(a) Whether an interim (final) ordinary dividend has been declared (recommended)

None.

(b)(i) and (b)(ii) Amount of dividend per share of the current reporting financial period and of the previous corresponding period.

Nil (FY2021: nil).

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable.

(d) The date the dividend is payable

Not applicable.

(e) The date on which Registrable Transfers received by the company (up to 5.00pm) will be registered before entitlements to the dividend are determined.

Not applicable.

11. If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.

No dividend is declared/recommended by the Directors for FY2022 as the Group is loss making for FY2022.

12. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

Not applicable. No dividend has been declared or recommended for FY2022 and FY2021.

13. If the group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

No IPT general mandate has been obtained by the Group from the Company's shareholders.

14. Negative confirmation pursuant to Rule 705(5)

Not applicable for full year results announcement.

15. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1) of the Catalist Rules

The Company confirms that all the required undertakings under Rule 720(1) of the Catalist Rules have been obtained from all its directors and executive officers in the format set out in Appendix 7H of the Catalist Rules.

16. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Lam Chun Hei, Justin	27	Son of Lam Cho Ying Terence Joe, a substantial shareholder of the Company	Executive Director and Chief Operating Officer, held since 12 August 2021. Responsible for overseeing the Group's operating activities as well as to assist the Executive Chairman of the Company in the overall strategic planning and investment strategies of the Group.	Joined the Group as Business Development Manager in April 2021. Responsible for new business development of the Group. Redesignated as Executive Director and Chief Operating Officer on 12 August 2021.

17. Use of Proceeds

Not applicable.

18. Disclosure of pursuant to Rule 706(A) of the Catalist Rules

The Company did not acquire or dispose shares in an entity (including struck off of entity) which will result in that entity in becoming or ceasing to be, a subsidiary of the Company, or result in a change in the Company's shareholding percentage in subsidiary during FY2022.

BY ORDER OF THE BOARD

Chan Andrew Wai Men
Executive Chairman

Lam Chun Hei, Justin
Executive Director and
Chief Operating Officer

29 August 2022