

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

**Unaudited Condensed Interim Consolidated Financial Statements for the Three Months Ended
30 September 2024**

The Company is required to report its quarterly financial statements pursuant to Rule 705(2)(d) of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalist ("Catalist Rules"), in view of the disclaimer of opinion issued by the Company's auditors in its latest audited consolidated financial statements of the Company and its subsidiaries for the financial year ended 30 June 2023. As of the date of this announcement, the Company has not issued the audited consolidated financial statements of the Company and its subsidiaries for the financial year ended 30 June 2024, which also contains the auditors' report.

This announcement has been reviewed by the Company's sponsor, ZICO Capital Pte. Ltd. (the "Sponsor").

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, ZICO Capital Pte. Ltd. at 77 Robinson Road, #06-03 Robinson 77, Singapore 068896, telephone (65) 6636 4201.

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

SINOCLOUD GROUP LIMITED
CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 SEPTEMBER 2024
(Expressed in Hong Kong thousand dollars)

	Note	3 Months Ended		
		30.09.2024 (Unaudited)	30.09.2023 (Unaudited)	% + / (-)
Revenue	4	1,630	1,376	18
Depreciation of property, plant and equipment		(603)	(692)	(13)
Reversal of depreciation of right-of-use assets		2,035	287	609
Reversal of financial assets and contract assets	6	-	32	(100)
Bandwidth fees		(16)	39	N.M.
Employee benefits expenses		(308)	(599)	(49)
Other income	5	-	6	(100)
Other expenses		(1,297)	(2,529)	(49)
Foreign exchange (loss)/gain		(143)	20	N.M.
Finance costs	7	<u>(1,652)</u>	<u>(1,621)</u>	2
Loss before taxation	8	(354)	(3,681)	(90)
Income tax expense		<u>-</u>	<u>-</u>	-
Loss for the financial period		(354)	(3,681)	(90)
Other comprehensive (expense)/income:				
- Currency translation differences arising from consolidation		<u>(1,052)</u>	<u>2,337</u>	N.M.
Other comprehensive (expense)/income for the financial period/year, net of tax		<u>(1,052)</u>	<u>2,337</u>	N.M.
Total comprehensive expense for the financial period		<u>(1,406)</u>	<u>(1,344)</u>	5
Loss attributable to:				
- Owners of the Company		(69)	(2,732)	(97)
- Non-controlling interests		<u>(285)</u>	<u>(949)</u>	(70)
		<u>(354)</u>	<u>(3,681)</u>	(90)
Total comprehensive (expense)/income attributable to:				
- Owners of the Company		(1,643)	(660)	>100
- Non-controlling interests		<u>237</u>	<u>(684)</u>	N.M.
		<u>(1,406)</u>	<u>(1,344)</u>	5
Loss per share attributable to the owners of the Company				
Basic (HK cents)	9	(0.03)	(1.30)	(97)

N.M.: Not meaningful

B. CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

SINOCLOUD GROUP LIMITED
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2024

(Expressed in Hong Kong thousand dollars)

	Note	The Group		The Company	
		As at 30.09.2024 (Unaudited)	As at 30.06.2024 (Unaudited)	As at 30.09.2024 (Unaudited)	As at 30.06.2024 (Unaudited)
ASSETS					
Non-current assets					
Property, plant and equipment	11	36,189	35,663	-	-
Right-of-use assets		5,137	10,570	-	-
Investment in subsidiaries		-	-	28,057	28,057
Deferred tax assets		11,966	11,966	-	-
		<u>53,292</u>	<u>58,199</u>	<u>28,057</u>	<u>28,057</u>
Current assets					
Trade and other receivables		7,570	6,102	118	96
Contract assets		2,319	2,569	-	-
Cash and bank balances		27	31	-	-
		<u>9,916</u>	<u>8,702</u>	<u>118</u>	<u>96</u>
TOTAL ASSETS		<u>63,208</u>	<u>66,901</u>	<u>28,175</u>	<u>28,153</u>
LIABILITIES					
Current liabilities					
Trade and other payables		33,101	31,866	13,116	11,726
Contract liabilities		219	639	-	-
Borrowings	12	11,800	10,045	-	-
Redeemable convertible bond	13	15,389	15,160	15,389	15,160
Income tax payable		8,353	8,320	-	-
		<u>68,862</u>	<u>66,030</u>	<u>28,505</u>	<u>26,886</u>
Non-current liabilities					
Lease liabilities		50,885	56,004	-	-
		<u>50,885</u>	<u>56,004</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES		<u>119,747</u>	<u>122,034</u>	<u>28,505</u>	<u>26,886</u>
NET (LIABILITIES) / ASSETS		<u>(56,539)</u>	<u>(55,133)</u>	<u>(330)</u>	<u>1,267</u>
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	14	21,059	21,059	21,059	21,059
Share premium		489,868	489,868	489,868	489,868
Contributed surplus		16,456	16,456	16,456	16,456
Translation reserve		9,186	10,760	-	-
Statutory reserve		7,066	7,066	-	-
Revaluation reserve		98	98	-	-
Other reserve		22,384	22,384	7,264	7,264
Accumulated losses		(537,702)	(537,633)	(534,977)	(533,380)
		<u>28,415</u>	<u>30,058</u>	<u>(330)</u>	<u>1,267</u>
Non-controlling interest		<u>(84,954)</u>	<u>(85,191)</u>	<u>-</u>	<u>-</u>
TOTAL (DEFICIT)/EQUITY		<u>(56,539)</u>	<u>(55,133)</u>	<u>(330)</u>	<u>1,267</u>

C. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

SINOCLOUD GROUP LIMITED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 SEPTEMBER 2024

(Expressed in Hong Kong thousand dollars)

	3 Months Ended	
	30.09.2024 (Unaudited)	30.09.2023 (Unaudited)
Cash flow from operating activities		
Loss before tax	(354)	(3,681)
<i>Adjustments:</i>		
Depreciation of property, plant and equipment	603	692
Reversal of depreciation of right-of-use assets	(2,035)	(287)
Reversal of financial assets and contract assets	-	(32)
Interest expense	1,652	1,621
Operating loss before working capital changes	(134)	(1,687)
Trade and other receivables	(1,310)	166
Trade and other payables	2,083	(978)
Contract assets	250	387
Contract liabilities	(420)	84
Cash from/(used in) operations	469	(2,028)
Interest paid	-	(69)
Net cash from/(used in) operating activities	469	(2,097)
Cash flow from investing activities and		
Net cash used in investing activities	-	-
Cash flow from financing activities		
Advances from/(to) related parties, net	19	(364)
Advances from directors, net	132	1,174
Proceeds from borrowings	50	-
Bank balances not available for use	(7)	-
Net cash from financing activities	194	810
Net increase/(decrease) in cash and cash equivalents	663	(1,287)
Cash and cash equivalents at beginning of the financial period	31	1,330
Effect of exchange rate changes in cash and cash equivalents	(674)	498
Cash and cash equivalents at end of the financial period,		
representing cash and bank balances	20	541
Analysis of cash and cash equivalents		
Cash and bank balances	27	541
Less: Frozen bank accounts in PRC	(7)	-
	20	541

D. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

FY2025

Attributable to equity holders of the Company

Group - First Quarter

	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 2024	21,059	489,868	16,456	10,760	7,066	98	22,384	(537,633)	(85,191)	(55,133)
Loss for the year	-	-	-	-	-	-	-	(69)	(285)	(354)
Currency translation differences arising from consolidation	-	-	-	(1,574)	-	-	-	-	522	(1,052)
Total comprehensive (expense)/income for the year	-	-	-	(1,574)	-	-	-	(69)	237	(1,406)
Balance as at 30 September 2024	<u>21,059</u>	<u>489,868</u>	<u>16,456</u>	<u>9,186</u>	<u>7,066</u>	<u>98</u>	<u>22,384</u>	<u>(537,702)</u>	<u>(84,954)</u>	<u>(56,539)</u>

FY2024

Attributable to equity holders of the Company

Group - First Quarter

	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 2023	21,059	489,868	16,456	8,720	7,066	98	22,384	(527,958)	(84,308)	(46,615)
Loss for the year	-	-	-	-	-	-	-	(2,732)	(949)	(3,681)
Currency translation differences arising from consolidation	-	-	-	559	-	-	-	-	(52)	507
Total comprehensive income/(expense) for the year	-	-	-	559	-	-	-	(2,732)	(1,001)	(3,174)
Balance as at 30 September 2023	<u>21,059</u>	<u>489,868</u>	<u>16,456</u>	<u>9,279</u>	<u>7,066</u>	<u>98</u>	<u>22,384</u>	<u>(530,690)</u>	<u>(85,309)</u>	<u>(49,789)</u>

FY2025

Company - First 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 July 2024	21,059	489,868	16,456	7,264	(533,380)	1,267
Loss for the year	-	-	-	-	(1,597)	(1,597)
Balance as at 30 September 2024	<u>21,059</u>	<u>489,868</u>	<u>16,456</u>	<u>7,264</u>	<u>(534,977)</u>	<u>(330)</u>

FY2024

Company - First Quarter

Attributable to equity holders of the Company

Balance as at 1 July 2023	21,059	489,868	16,456	7,264	(527,342)	7,305
Loss for the year	-	-	-	-	(1,482)	(1,482)
Balance as at 30 September 2023	<u>21,059</u>	<u>489,868</u>	<u>16,456</u>	<u>7,264</u>	<u>(528,824)</u>	<u>5,823</u>

E. NOTE TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. General information

SinoCloud Group Limited (the “**Company**”, and its subsidiaries, the “**Group**”) 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 (“**IDC**”) services in the People’s Republic of China (“**PRC**”).

2. Basis of preparation

This condensed interim consolidated financial statements for the three months ended 30 September 2024 (“**3M FY2025**”) have been prepared in accordance with *IAS 34 Interim Financial Reporting*. The condensed interim consolidated 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 obtain an understanding of the changes in the financial position and performance of the Group since the unaudited condensed interim consolidated financial statements of the Group for the fourth quarter and financial year ended 30 June 2024 (“**FY2024**”).

As the FY2024 audited consolidated financial statements of the Group have not been issued by the Company as of the date of this condensed interim consolidated financial statements for 3M FY2025, the comparative figures in the condensed interim statements of financial position and the condensed interim statements of changes in equity were unaudited as at 30 June 2024, as disclosed in the announcement of FY2024 unaudited full year results released by the Company on 6 December 2024.

The accounting policies and methods of computation adopted are consistent with those adopted by the Group in its latest audited consolidated financial statements for the financial year ended 30 June 2023 (“**FY2023**”) which were prepared in accordance with the International Financial Reporting Standards (“**IFRSs**”). The condensed interim consolidated financial statements for 3M FY2025 are presented in Hong Kong dollar (“**HK\$**”) and all values are rounded to the nearest thousand (HK\$’000) as indicated.

Going concern

The Group recorded a net loss of HK\$354,000 for 3M FY2025 and positive operating cash flows of HK\$387,000 for 3M FY2025, and was in net current liabilities of HK\$58,946,000 as at 30 September 2024. As of 30 September 2024, the Group’s cash and bank balances available for use amounted to HK\$20,000 while its current liabilities amounted to HK\$68,862,000.

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 as the management of the Company (“**Management**”) has assessed that the Group and the Company are able to continue as going concerns due to the following key considerations and assumptions:

- a) The Group has obtained continuing financial support from a substantial shareholder, Mr. Lam Cho Ying Terence Joe (“**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 for the aggregate balance owing to Mr. Lam of HK\$24,001,000 or 36.3% of current liabilities (comprising borrowings of HK\$8,143,000 (Note 12), liability component of the redeemable convertible bond of HK\$15,389,000 (Note 13) and related interests of HK\$205,000 and HK\$264,000 (“**Outstanding Interest Payable**”) respectively as at 30 September 2024), unless the Group has sufficient funds to pay other creditors in full. The Company had, on 29 August 2024, entered into a fourth

supplemental agreement with Mr. Lam to further extend the maturity date of the redeemable convertible bond to 22 June 2025. The Group is in the process of negotiating with Mr. Lam to further extend the redeemable convertible bond beyond 30 June 2025. During 3M FY2025, the Company and its wholly-owned subsidiary, SinoCloud Group (HK) Limited, had on 1 July 2024, entered into a loan agreement with Mr. Lam, whereby all parties mutually agreed that the Outstanding Interest Payable be converted into a loan from Mr. Lam to the Company and SinoCloud Group (HK) Limited, with an interest of 10% per annum, commencing from 1 July 2024 and maturing on 1 July 2025. Please refer to the Company's announcement on 30 August 2024 for further information.

- b) Notwithstanding the challenging economic environment in the PRC, barring unforeseen circumstances, the Group is cautiously confident that its sole operating subsidiary in the PRC, Guiyang Zhongdian Gaoxin Digital Technologies Limited (“**Guiyang Tech**”) will be able to (i) secure new contracts to achieve full capacity for existing hosting capacity of the IDC in the calendar year 2027 and (ii) increase average selling prices annually by 6% for all customers, which is largely in line with the Gross Domestic Product growth in the PRC in recent years.
- c) The Group has obtained continuing financial support from a director of the Company to enable the Group to operate as a going concern and to meet its obligations as and when they fall due.
- d) In relation to a loan from a PRC bank which was defaulted by Guiyang Tech (Note 12), the Management believes that the PRC bank is willing to continue to grant forbearance, upon settlement of quarterly interests owing to the PRC bank. As of the date of this announcement, the PRC bank has not recalled on the loan and Guiyang Tech is confident that the PRC bank will continue to extend the repayment terms of the said loan to March 2026.
- e) Guiyang Tech is entitled to a rent-free period of its 20-year lease of the IDC premises since 2014, until the receipt of notice from the landlord. The Management is therefore of the view that there will be no cash outflow required for lease payments for the next 12 months.
- f) The Management has successfully negotiated for favourable payment terms with its former supplier providing bandwidth and utilities in the IDC premises who has agreed to further defer due date of the overdue amounts of HK\$10,360,000 to 31 July 2025.

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. **No such adjustments have been made to this financial statements.**

The board of directors of the Company has reviewed and concurred with the aforementioned 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 IFRS and IFRIC Interpretations that became effective for annual reporting periods beginning on or after 1 January 2024, 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 interim consolidated financial statements for the three months ended 30 September 2024, the Management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by the Management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the latest audited consolidated financial statements as at and for the financial year ended 30 June 2023.

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, the 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.

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 ("**CODM**") 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 CODM. 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 for the period ended 30 September 2024

	Internet Data Centre Services	All other segments	Total
	HK\$'000	HK\$'000	HK\$'000
Revenue from external parties	1,630	-	1,630
Segment profit/(loss)	2,407	(1,109)	1,298
Finance costs			(1,652)
Loss before tax			(354)
Income tax			-
Loss for the financial period			(354)
<u>Other segment items</u>			
Depreciation of property, plant and equipment	603	-	603
Depreciation of right-of-use assets	(2,035)	-	(2,035)

for the period ended 30 September 2023

	Internet Data Centre Services	All other segments	Total
	HK\$'000	HK\$'000	HK\$'000
Revenue from external parties	1,376	-	1,376
Segment loss	(805)	(1,255)	(2,060)
Finance costs			(1,621)
Loss before tax			(3,681)
Income tax expense			-
Loss for the financial period			(3,681)
<u>Other segment items</u>			
Depreciation of property, plant and equipment	692	-	692
Depreciation of right-of-use assets	(287)	-	(287)
Reversal of financial assets and contract assets	(32)	-	(32)

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 services.

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

5 Other income

	Three months ended	
	30.09.2024	30.09.2023
	HK\$'000	HK\$'000
Government grants	-	6
	<u>-</u>	<u>6</u>

6 Reversal of financial assets and contract assets

Reversal of financial assets and contract assets amounting to HK\$0.03 million for the three months ended 30 September 2023 (three months ended 30 September 2024: HK\$ Nil) represent recovery of trade receivables from counterparties during the period.

7 Finance costs

	Three months ended	
	30.09.2024	30.09.2023
	HK\$'000	HK\$'000
Interest expense on		
- Redeemable convertible bonds	493	454
- Loans	270	223
- Lease liabilities	889	944
	<u>1,652</u>	<u>1,621</u>

8 Loss before taxation

	Three months ended	
	30.09.2024	30.09.2023
	HK\$'000	HK\$'000
Loss before taxation is stated after charging:		
Directors' remuneration		
- directors of the Company	68	78
Directors' fees		
- directors of the Company	60	52
Audit fees		
- auditors of the Company	358	356
- other auditors	32	32
	<u>32</u>	<u>32</u>

9 Loss per Share

	Group	
	3 Months Ended	
	30.9.2024 (Unaudited)	30.9.2023 (Unaudited)
Loss attributable to equity holders of the Company (HK\$'000)	(69)	(2,732)
Weighted average number of shares in issue	210,593,153	210,593,153
Loss per ordinary share (HK cents)		
- Based on weighted average number of ordinary shares in issue	(0.03)	(1.30)
- On a fully diluted basis	(0.03)	(1.30)

Notes:

- (1) The Convertible Bond, which will expire on 22 June 2025, has no dilutive effect for the three months ended 30 September 2024 and 30 September 2023.

10 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	
	30.09.2024 HK\$'000	30.09.2023 HK\$'000
Advances from directors, net	132	1,174
Advances to related parties, net	-	(364)
Key management personnel compensation		
Directors of the Company		
- Salary and related costs	68	78
- Contribution to defined contribution plans	4	4
- Directors' fee	60	52
Directors of subsidiaries		
- Salary and related costs	171	183
- Contribution to defined contribution plans	5	5
	<u>308</u>	<u>322</u>
Categories of total compensation		
- Short-term employment benefits	299	313
- Post-employment benefits	9	9
	<u>308</u>	<u>322</u>

11 Property, plant and equipment

There was no acquisition or impairment of property, plant and equipment during 3M FY2025 (FY2024: Impairment loss of property, plant and equipment of HK\$1,291,000).

12 Borrowings

	Interest rate	Due within	Due after	Total
		1 year	1 year but less than 5 years	
		HK\$'000	HK\$'000	HK\$'000
Group				
<u>As at 30 September 2024</u>				
Loan 1 (Unsecured) - Fixed rate	7.20%	3,657	-	3,657
Loan 21 (Unsecured) - Fixed rate	10.00%	4,018	-	4,018 (Note 1)
Loan 22 (Unsecured) - Fixed rate	10.00%	2,092	-	2,092 (Note 1)
Loan 23 (Unsecured) - Fixed rate	10.00%	200	-	200 (Note 1)
Loan 24 (Unsecured) - Fixed rate	10.00%	100	-	100 (Note 1)
Loan 25 (Unsecured) - Fixed rate	10.00%	90	-	90 (Note 1)
Loan 26 (Unsecured) - Fixed rate	10.00%	1,593	-	1,593 (Note 2)
Loan 27 (Unsecured) - Fixed rate	10.00%	50	-	50
		<u>11,800</u>	<u>-</u>	<u>11,800</u>
<u>As at 30 June 2024</u>				
Loan 1 (Unsecured) - Fixed rate	7.20%	3,545	-	3,545
Loan 21 (Unsecured) - Fixed rate	10.00%	4,018	-	4,018 (Note 1)
Loan 22 (Unsecured) - Fixed rate	10.00%	2,092	-	2,092 (Note 1)
Loan 23 (Unsecured) - Fixed rate	10.00%	200	-	200 (Note 1)
Loan 24 (Unsecured) - Fixed rate	10.00%	100	-	100 (Note 1)
Loan 25 (Unsecured) - Fixed rate	10.00%	90	-	90 (Note 1)
		<u>10,045</u>	<u>-</u>	<u>10,045</u>

Note 1:

The Company signed a loan extension agreement with Mr Lam to extend the entire outstanding loans (Loan 21 to Loan 25) at 10% per annum for one year tenure on 1 July 2024.

Note 2:

The Company signed an interest-to-loan agreement with Mr Lam to convert convertible loan interests payable and loan interests payable of HK\$967,000 and HK\$626,000 respectively to loan carrying interest at 10% per annum on 1 July 2024 with 1 year tenure.

Loan 1

This loan was obtained by Guiyang Tech from a PRC bank and is guaranteed by a key management personnel of Guiyang Tech and his controlled entity. The loan is repayable on a quarterly basis, commencing in June 2023 and is to be fully settled upon maturity in March 2024. Guiyang Tech has defaulted on the loan and the PRC bank has not recalled on the loan. Guiyang Tech is confident that the PRC bank will extend the repayment terms of the loan to March 2026.

Loan 27

The loan was provided by Mr Lam during 3M FY2025. The loan is unsecured, interest bearing at 10% per annum and repayable by 1 July 2025.

13 Redeemable Convertible Bond

The convertible bond issued on 23 November 2020 (“**Issue Date**”), with a tenure of two years, was originally matured on 22 November 2022. Upon signing the fourth supplemental agreement on 29 August 2024, the convertible bond was last extended on 22 June 2024 (“**Extension Date**”) for one year and will

mature on 22 June 2025 (“**Redemption Date**”). The principal terms and conditions of the convertible bond are summarised as follows:

Principal Amount	:	Up to HK\$31,060,000, and current outstanding nominal amount is HK\$16,060,000 (equivalent to S\$2,867,857, at the agreed fixed exchange rate of S\$1.00 : HK\$5.60).
Issue Price	:	100% of the aggregate principal amount of the convertible bond.
Interest Rate	:	The convertible bond bears interest at a rate of 6.0% simple interest on 365-day basis, payable quarterly.
Redemption Date	:	The convertible 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 Redemption Date, being the date falling 55 months from the Issue Date.
Issue Date	:	23 November 2020
Purchase	:	The Company and/or any of its related corporations may at any time purchase the convertible bond from the Bondholder. All convertible 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\$0.0622 per share at an agreed fixed exchange rate of S\$1.00 : HK\$5.60.
Voluntary Conversion	:	The Bondholder may convert all or part of the outstanding convertible bond and any accrued and unpaid interest in respect of the convertible 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 the convertible bond of an aggregate principal amount of less than HK\$1,000,000.

The convertible 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 convertible 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 the convertible 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 on 23 November 2020 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%

Upon Extension Date, as the terms of the convertible bond changed, the fair value of the liability component was required to be remeasured using the Trinomial Tree Model. 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 the convertible bond is 11.86% per annum for the extended one year tenure (10.42% per annum under original two years tenure). The value of the equity component of approximately HK\$3,799,000 remained unchanged and presented in equity under the heading “other reserve”. Fair value of the liability component was determined on 22 June 2024 using the Trinomial Tree Model and the major inputs into the model are as follows:

	At Issue Date
Stock price	S\$0.015
Exercise price	S\$0.0622
Credit spread	0.79%
Option life	1 year
Risk free rate	4.25%

The movement of liability component of the convertible bond is as follows:

	Group and Company <u>HK\$'000</u>
Liability component as at 30 June 2024	15,160
Accumulated amortisation of interest expense	493
Accrued coupon interest included in other payables	(264)
Liability component as at 30 September 2024	<u>15,389</u>

14 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	
	Issued and fully paid-up ordinary shares	Share Capital (HK\$'000)
As at 30 June 2024 and 30 September 2024	210,593,153	51,059

- (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 September 2024	As at 30 September 2023
Number of shares that may be issued on conversion of all outstanding convertibles	50,458,038 ⁽¹⁾	50,458,038 ⁽¹⁾
Total number of issued shares (excluding treasury shares and subsidiary holdings) ⁽²⁾	210,593,153	210,593,153

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 as at 30 June 2023 was HK\$24.06 million. 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 was 4,383,378,402 as at 30 June 2022.

On 18 November 2022, 22 March 2023, 27 June 2023 and 29 August 2024, the Company entered into a conditional supplemental agreement, on the respective dates, to extend the original maturity date for the outstanding principal amount to 22 June 2025. As at 30 June 2024, the outstanding principal amount of the Convertible Bond was HK\$16.06 million, together with the accrued convertible bond interest of HK\$0.97 million, which may be converted into 48,881,028 new shares, at a conversion price of S\$0.0622 per share.

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 September 2023, 30 June 2024 and 30 September 2024.

15 Net Asset Value

	Group		Company	
	As at 30 September 2024 (Unaudited)	As at 30 June 2024 (Unaudited)	As at 30 September 2024 (Unaudited)	As at 30 June 2024 (Unaudited)
Net asset/(liability) value attributable to the Group (HK\$'000)	28,415	30,058	(330)	1,267
Number of shares in issue	210,593,153	210,593,153	210,593,153	210,593,153
Net asset/(liability) value per ordinary share (HK\$)	13.49	14.27	(0.16)	0.60

16 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 interim consolidated statement of financial position of the Company and its subsidiaries (collectively, the “**Group**”) as at 30 September 2024 and the related condensed interim consolidated profit or loss and other comprehensive income, condensed interim consolidated statement of changes in equity and condensed interim consolidated statement of cash flows for the three months ended 30 September 2024 and the explanatory notes herein have not been audited or reviewed by the Company’s auditors.

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 September 2024 was 210,593,153 (30 June 2024: 210,593,153). There were no treasury shares as at 30 September 2024 and 30 June 2024.

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 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 consolidated financial statements of the Group for the financial year ended 30 June 2023 were subject to a disclaimer of opinion by the Company’s independent auditor (“**Disclaimer of Opinion**”). The basis for the Disclaimer of Opinion is in relation to the following:

- (i) conversion adjustments from generally accepted accounting principles in the People’s Republic of China to international financial reporting standards;
- (ii) impairment assessment of current and non-current assets relating to (a) property, plant and equipment and right-of-use asset, (b) the Expansion Project, (c) deferred tax assets, and (d) investment in subsidiaries;
- (iii) validity and recoverability of trade and other receivables; (iv) validity and accuracy of trade payables and other payables;
- (v) accuracy of lease liabilities and right-of-use assets;
- (vi) the appropriateness of record and disclosure of other income and other expenses;
- (vii) adequate adjustment or disclosure of all significant subsequent events and transactions in the Audited Financial Statements;

- (viii) adequate adjustment or disclosure relating to on-going litigations;
- (ix) appropriateness of going concern assumption used in the preparation of the Audited Financial Statements; and
- (x) whether the opening balances as at 1 July 2022 were fairly stated.

Please refer to the Company's announcement dated 13 October 2023 as well as the annual report of the Company for FY2023 for further information on the Disclaimer of Opinion.

The board of directors (“**Directors**”) and the Management confirm that in response to disclaimer of opinion (v) above, a lease reassessment on the right-of-use assets and lease liabilities have been performed during 3M FY2025 in view of the assumption that no lease payments will be made for the next 12 months ending 30 June 2025. For disclaimer of opinion (ix) above on going concern assumption, please refer to the updated going concern assumption prepared by the Management for purposes of this condensed interim consolidated financial statements for 3M FY2025 under Section E, Note 2, under “Going concern” of this announcement for more information. Save for these, the other audit issues highlighted under the Disclaimer of Opinion remained outstanding as at the date of this announcement. Appropriate announcement will be made for on-going litigations in due course to resolve disclaimer of opinion (vii) and (viii). The remaining audit issues highlighted under the Disclaimer of Opinion related to historical transactions with carryover effect and cannot be resolved as at the date of this announcement.

The Management and the Directors confirmed that the impact of all outstanding audit issues on the financial statements have been 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 increased by HK\$0.2 million, from HK\$1.4 million in the three months ended 30 September 2023 (“**3M FY2024**”) to HK\$1.6 million in the three months ended 30 September 2024 (“**3M FY2025**”). The increase in revenue was mainly due to renewal of an annual contract with a government bureau at Guizhou province of the PRC in December 2024.

Other income

Other income of HK\$6,000 in 3M FY2024 related to government grant received by Guiyang Tech (3M FY2025: Nil).

Expenses

Depreciation of property, plant and equipment (“**PPE**”) decreased by HK\$0.1 million, from HK\$0.7 million in 3M FY2024 to HK\$0.6 million in 3M FY2025, as a result of the full depreciation and impairment of respective PPE.

Reversal of depreciation of right-of-use assets amounted to HK\$2.0 million in the 3M FY2025 and HK\$0.3 million in 3M FY2024. The increase during 3M FY2025 was due to reassessment of lease liabilities and right-of-use assets during 3M FY2025.

Reversal of financial assets and contract assets of HK\$0.03 million in 3M FY2024 (3M FY2025: Nil) was attributable to reversal of impairment loss of financial assets due to debt recovery from a customer.

Bandwidth fees of HK\$16,000 in 3M FY2025 relates to fees incurred for usage of bandwidth during 3M FY2025. Reversal of bandwidth fees of HK\$39,000 in 3M FY2024 resulted from an adjustment on over-accrual of broadband service fees during 3M FY2024.

Employee benefits expenses decreased by HK\$0.3 million to HK\$0.3 million in 3M FY2025, from HK\$0.6 million in 3M FY2024, mainly due to decrease in the number of staff to achieve cost reduction.

Other expenses, comprising primarily office overhead, operating lease expenses, legal and professional fee and utility service fee, decreased by HK\$1.2 million, from HK\$2.5 million in 3M FY2024 to HK\$1.3 million in 3M FY2025, mainly due to reduction in utility fees and legal and professional fees incurred in 3M FY2025.

Foreign exchange loss was HK\$0.1 million in 3M FY2025 (3M FY2024: foreign exchange gain of HK\$0.02 million), mainly due to the appreciation of Singapore Dollar against Hong Kong Dollar (“HKD”) during 3M FY2025.

Finance costs increased by HK\$0.1 million, from HK\$1.6 million in 3M FY2024 to HK\$1.7 million in 3M FY2025. The increase was mainly due to increase in interest expense on redeemable convertible bond and interest expenses on loans, partially offset by decrease in interest expenses on lease liabilities as a result of lease reassessment during 3M FY2025.

Income tax

There was no income tax reported in 3M FY2025 and 3M FY2024 as there were no assessable profit generated during both financial periods.

Net loss after taxation

As a result of the aforesaid, the Group recorded a loss after tax of HK\$0.4 million in 3M FY2025 (3M FY2024: loss after tax of HK\$3.7 million).

(B) REVIEW OF FINANCIAL POSITION

Non-Current Assets

Non-current assets of the Group amounted to HK\$53.3 million as at 30 September 2024. 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 increased by HK\$0.5 million, from HK\$35.7 million as at 30 June 2024 to HK\$36.2 million as at 30 September 2024. The increase was mainly due to translation gain of HK\$1.1 million arising from appreciation of RMB against HKD, partially offset by depreciation charge of HK\$0.6 million during 3M FY2025.

(ii) Right-of-use assets

The net book value of right-of-use assets decreased by HK\$5.5 million, from HK\$10.6 million as at 30 June 2024 to HK\$5.1 million as at 30 September 2024. The decrease was mainly due to reassessment of rights-of-use assets of HK\$5.6 million, and depreciation charge of HK\$0.2 million, partially offset by translation gain of HK\$0.9 million arising from appreciation of RMB against HKD during 3M FY2025.

(iii) Deferred tax assets

Deferred tax assets remained unchanged at HK\$12.0 million as at 30 September 2024 and 30 June 2024. 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 increased by HK\$1.2 million, from HK\$8.7 million as at 30 June 2024 to HK\$9.9 million as at 30 September 2024. Current assets comprised (i) trade and other receivables; (ii) contract assets; and (iii) cash and bank balances.

(i) Trade and other receivables

Trade and other receivables increased by HK\$1.5 million, from HK\$6.1 million as at 30 June 2024 to HK\$7.6 million as at 30 September 2024. Trade and other receivables as at 30 September 2024 comprise trade receivables of HK\$1.5 million, amount due from a related party of HK\$4.9 million and other receivables and prepayment of HK\$1.2 million.

Trade receivables increased by HK\$1.3 million, from HK\$0.2 million as at 30 June 2024 to HK\$1.5 million as at 30 September 2024. The increase is in line with the increase in revenue during 3M FY2025.

Amount due from a related party of HK\$4.9 million as at 30 September 2024 (30 June 2024: HK\$4.8 million) relates to advances to a related party of a substantial shareholder of the Company. The increase is mainly due to appreciation of RMB against HKD during 3M FY2025. The amount is unsecured, interest-free and repayable on demand.

Other receivables and prepayment increased by HK\$0.1 million, from HK\$1.1 million as at 30 June 2024 to HK\$1.2 million as at 30 September 2024, mainly due to appreciation of RMB against HKD during 3M FY2025.

(ii) Contract assets

Contract assets decreased by HK\$0.3 million, from HK\$2.6 million as at 30 June 2024 to HK\$2.3 million as at 30 September 2024, mainly due to completion of works during 3M FY2025. Contract assets pertain to the Company's right to consideration for work completed but not billed. The contract assets are transferred to trade receivables when the Group invoices the customer.

(iii) Cash and bank balances

Cash and bank balances remains unchanged at HK\$0.03 million as at 30 September 2024 and 30 June 2024. Please refer to "Cashflows" for the movement in cash and cash equivalents.

Current Liabilities

Current liabilities increased by HK\$2.9 million, from HK\$66.0 million as at 30 June 2024 to HK\$68.9 million as at 30 September 2024, mainly due to the following:

(i) Trade and other payables

Trade and other payables increased by HK\$1.2 million, from HK\$31.9 million as at 30 June 2024 to HK\$33.1 million as at 30 September 2024. Trade and other payables as at 30 September 2024 comprised (a) trade payables of HK\$0.5 million; (b) other payables of HK\$16.1 million; (c) VAT payable of HK\$7.3 million; (d) accruals of HK\$3.6 million; (e) amount due to directors of the Company of HK\$3.9 million, and (f) amount due to related parties of HK\$1.7 million..

- (a) Trade payables increased by HK\$0.2 million, from HK\$0.3 million as at 30 June 2024 to HK\$0.5 million as at 30 September 2024, mainly due to increase in security services hired in Guiyang Tech during 3M FY2025.
- (b) Other payables which mainly relate to amount owed to a former broadband and utilities supplier and advances from independent third parties, remained as HK\$16.1 million as at 30 September 2024 and 30 June 2024.
- (c) VAT payable increased by HK\$0.3 million, from HK\$7.0 million as at 30 June 2024 to HK\$7.3 million as at 30 September 2024, mainly due to appreciation of RMB against HKD during 3M FY2025.
- (d) Accruals increased by HK\$0.5 million, from HK\$3.1 million as at 30 June 2024 to HK\$3.6 million as at 30 September 2024, mainly due to increase in accrued salaries and professional fees during 3M FY2025.
- (e) Amount due to Directors of the Company increased by HK\$0.1 million, from HK\$3.8 million as at 30 June 2024 to HK\$3.9 million as at 30 September 2024, mainly due to an increase in advances from Directors during 3M FY2025. The amounts were unsecured, interest-free and repayable on demand.
- (f) Amount due to related parties increased by HK\$0.1 million, from HK\$1.6 million as at 30 June 2024 to HK\$1.7 million as at 30 September 2024, mainly due to advances from a related party during 3M FY2025. The amounts were unsecured, interest-free and repayable on demand.

(ii) Contract liabilities

Contract liabilities decreased by HK\$0.4 million, from HK\$0.6 million as at 30 June 2024 to HK\$0.2 million as at 30 September 2024, due to recognition of contract liabilities as revenue during 3M FY2025 as a result of the fulfilment of performance obligation under the contract with the customer.

(iii) Borrowings

Borrowings increased by HK\$1.8 million, from HK\$10.0 million as at 30 June 2024 to HK\$11.8 million as at 30 September 2024, mainly due to conversion of interests payable on the Convertible Bond of HK\$1.0 million and loan interests payable of HK\$0.6 million, upon signing an agreement with Mr. Lam during 3M FY2025.

(iv) Redeemable convertible bond

Redeemable convertible bond which relates to the Convertible Bond, increased by HK\$0.2 million, from HK\$15.2 million as at 30 June 2024 to HK\$15.4 million as at 30 September 2024. The increase was due to accumulated amortisation of interest expense of HK\$0.5 million, partially offset by the accrued coupon interests of HK\$0.3 million during 3M FY2025.

Non-current Liabilities

Non-current liabilities, comprising lease liabilities, decreased by HK\$5.1 million, from HK\$56.0 million as at 30 June 2024 to HK\$50.9 million as at 30 September 2024, due to (i) lease reassessment of HK\$7.8 million, partially offset by (ii) effect of appreciation of RMB against HKD amounting to HK\$1.8 million, and (iii) interests incurred of HK\$0.9 million during 3M FY2025.

Working Capital

Due to the changes in current assets and current liabilities as described above, the Group reported a negative working capital of HK\$58.9 million as at 30 September 2024 (30 June 2024: HK\$57.3 million). The Board is of the view that the Group's current liabilities include an amount of HK\$59.0 million (accounting for 86% of the Group's total current liabilities as at 30 September 2024) 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\$7.3 million arose largely due to IFRS adjustments (i.e. IFRS adjustments against PRC GAAP as the accounts of Guiyang Tech have been prepared based on PRC GAAP). Such VAT will only be required to be paid when sales revenue is collected by Guiyang Tech, along with the issuance of the respective VAT receipts.
 - (ii) Amount due to related parties amounted to HK\$1.6 million. The Management had negotiated with the former related parties for not demanding repayment within one year from 30 June 2024.
 - (iii) Other payables for bandwidth and energy saving service for IDC operations in the PRC of HK\$10.3 million. Guiyang Tech has yet to receive the supplier invoice for the aforesaid service and the Management had negotiated with the service provider to extend the repayment beyond 30 June 2025.
- (b) Contract liabilities of HK\$0.2 million relate to advance payment received by Guiyang Tech in respect of a government contract secured by Guiyang Tech. The amount will be recorded as revenue once the performance of contract is completed.
- (c) Redeemable convertible bond of HK\$15.4 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\$23.3 million (which comprise borrowings of HK\$8.1 million (Note 12), liability component of the redeemable convertible bond of HK\$15.4 million (Note 13) and related interests of HK\$0.2 million and HK\$0.3 million respectively as at 30 September 2024), unless the Group has sufficient funds to pay other creditors in full.
- (d) Income tax payable of HK\$8.3 million arose from IFRS adjustment against PRC GAAP (as the accounts of Guiyang Tech have been prepared based on PRC GAAP). No such tax is required to be settled as Guiyang Tech is loss making (based on accounts of Guiyang Tech prepared based on PRC GAAP) in 2023.

Please also 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

Net cash from operating activities in 3M FY2025 amounted to HK\$0.5 million. This was mainly due to (i) increase in trade and other payables of HK\$2.1 million, and (ii) decrease in contract assets of HK\$0.2 million, partially offset by (iii) operating loss before working capital changes of HK\$0.1 million; (iv) increase in trade and other receivables of HK\$1.3 million, and (v) decrease in contract liabilities of HK\$0.4 million.

There was no cash flows from investing activities in 3M FY2025.

Net cash from financing activities amounted to HK\$0.2 million in 3M FY2025, mainly due to (i) advances from directors of HK\$0.1 million, and (ii) proceeds from borrowing from Mr Lam of HK\$0.1 million.

As a result of the above, together with the effect of exchange rate changes in cash and cash equivalents of HK\$0.7 million, the Group's cash and cash equivalents decreased from HK\$0.03 million as at 30 June 2024 to HK\$0.02 million as at 30 September 2024.

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 forecast 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. Economic growth has been decelerating in the People's Republic of China ("PRC") and will likely to continue. The slow down in economic growth has affected the PRC's investment environment, which also affected the Group's IDC business. In addition, the extended inability to resolve local-level debts in Guizhou province of the PRC has significant and continued impact on the Group's major customers, in particular, their ability to renew contracts, to make prompt payments and to adhere to agreed repayment plans. Consequently, these factors adversely affected the Group's financial performance and cash flows for the current financial period and is expected to continue to adversely affect the Group's financial performance and cash flows in the foreseeable future.

Due to the significant and continued adverse economic impact on the Group's major customers after the COVID-19 pandemic, lower demand from customers and deferral of contract renewal continue to result in a decrease in revenue. Despite of the current situation, Guiyang Tech has been able to maintain contracts with different government bureaux at Guizhou province of the PRC and other private sector entities in the first quarter of FY2025. The Group will continue to explore new business opportunities in the IDC business and other industries in order to improve the Group's financial performance, financial position and cash flows.

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). Since then, the Company has been 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 any material development. Please refer to the Company's circular to shareholders dated 14 October 2020 for further details on the aforementioned proposed diversification.

The Company is also 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. 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 (3M FY2024: 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.

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

No dividend was declared/recommendeded by the Directors for 3M FY2025 as the Group is loss making for 3M FY2025.

11. 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.

12. Negative confirmation pursuant to Rule 705(5)

We, Chan Andrew Wai Men and Lam Chun Hei, Justin, being directors of the Company do hereby confirm on behalf of the Board of Directors that, to the best knowledge of the Board of Directors, nothing has come to the attention of the Board of Directors which may render the condensed first quarter consolidated financial statements of the Group for the three months ended 30 September 2024 to be false or misleading in any material aspect.

13. 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.

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

The Company did not acquire (including incorporation of entity) 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 3M FY2025.

BY ORDER OF THE BOARD

Chan Andrew Wai Men
Executive Chairman

Lam Chun Hei, Justin
Executive Director and
Chief Operating Officer

28 March 2025