

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 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.

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.

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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/YEAR ENDED 30 JUNE 2024
(Expressed in Hong Kong thousand dollars)

	Note	3 Months Ended			Year Ended		
		30.06.2024 (Unaudited)	30.06.2023 (Unaudited)	% + / (-)	30.06.2024 (Unaudited)	30.06.2023 (Audited)	% + / (-)
Revenue	4	5,196	1,189	>100	11,161	7,336	52
Depreciation of property, plant and equipment		(678)	(658)	3	(2,759)	(2,868)	(4)
Depreciation of right-of-use assets		(270)	(348)	(22)	(514)	(1,408)	(63)
Reversal/(impairment loss) of							
- financial assets and contract assets	6	-	376	(100)	48	505	(90)
- property, plant and equipment	6	(1,291)	(941)	37	(1,291)	(941)	37
Fair value remeasurement on convertible bonds		881	2,094	(58)	881	2,094	(58)
Fair value loss on derivative asset		(957)	(776)	23	(957)	(776)	23
Bandwidth fees		(9)	(177)	(95)	(97)	(374)	(74)
Employee benefits expenses		(422)	(1,322)	(68)	(2,195)	(3,195)	(31)
Other income	5	-	(3)	(100)	7	243	(97)
Other expenses		(1,773)	(6,716)	(74)	(9,322)	(14,370)	(35)
Foreign exchange gain/(loss)		12	40	(70)	27	(6)	N.M.
Finance costs	7	(1,623)	(2,430)	(33)	(6,580)	(7,072)	(7)
Loss before taxation	8	(934)	(9,672)	(90)	(11,591)	(20,832)	(44)
Income tax expense		-	-	-	-	-	-
Loss for the financial period/year		(934)	(9,672)	(90)	(11,591)	(20,832)	(44)
Other comprehensive income/(expense):							
- Currency translation differences arising from consolidation		1,994	(91)	N.M.	3,158	1,739	82
Other comprehensive income/(expense) for the financial period/year, net of tax		1,994	(91)	N.M.	3,158	1,739	82
Total comprehensive income/(expense) for the financial period/year		<u>1,060</u>	<u>(9,763)</u>	N.M.	<u>(8,433)</u>	<u>(19,093)</u>	(56)
Loss attributable to:							
- Owners of the Company		(1,237)	(5,025)	(75)	(9,675)	(15,147)	(36)
- Non-controlling interests		303	(4,647)	N.M.	(1,916)	(5,685)	(66)
		<u>(934)</u>	<u>(9,672)</u>	(90)	<u>(11,591)</u>	<u>(20,832)</u>	(44)
Total comprehensive income/(expense) attributable to:							
- Owners of the Company		(348)	(3,306)	(89)	(7,540)	(11,915)	(37)
- Non-controlling interests		1,408	(6,457)	N.M.	(893)	(7,178)	(88)
		<u>1,060</u>	<u>(9,763)</u>	N.M.	<u>(8,433)</u>	<u>(19,093)</u>	(56)
Loss per share attributable to the owners of the Company							
Basic (HK cents)	9	(0.59)	(2.72)	(78)	(4.59)	(8.86)	(48)

N.M.: Not meaningful

B. CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

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

(Expressed in Hong Kong thousand dollars)

	Note	The Group		The Company	
		As at 30.06.2024 (Unaudited)	As at 30.06.2023 (Audited)	As at 30.06.2024 (Unaudited)	As at 30.6.2023 (Audited)
ASSETS					
Non-current assets					
Property, plant and equipment	11	35,663	39,920	-	-
Right-of-use assets		10,570	14,952	-	-
Investment in subsidiaries		-	-	28,057	28,057
Deferred tax assets		11,966	11,966	-	-
		<u>58,199</u>	<u>66,838</u>	<u>28,057</u>	<u>28,057</u>
Current assets					
Trade and other receivables		6,102	6,943	96	187
Contract assets		2,569	501	-	-
Derivative asset		-	957	-	957
Cash and bank balances		31	1,387	-	4
		<u>8,702</u>	<u>9,788</u>	<u>96</u>	<u>1,148</u>
TOTAL ASSETS		<u>66,901</u>	<u>76,626</u>	<u>28,153</u>	<u>29,205</u>
LIABILITIES					
Current liabilities					
Trade and other payables		31,866	35,532	11,726	6,722
Contract liabilities		639	107	-	-
Borrowings	12	10,045	7,801	-	-
Redeemable convertible bond	13	15,160	15,178	15,160	15,178
Lease liabilities		-	77	-	-
Income tax payable		8,320	8,325	-	-
		<u>66,030</u>	<u>67,020</u>	<u>26,886</u>	<u>21,900</u>
Non-current liabilities					
Lease liabilities		56,004	56,221	-	-
		<u>56,004</u>	<u>56,221</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES		<u>122,034</u>	<u>123,241</u>	<u>26,886</u>	<u>21,900</u>
NET (LIABILITIES) / ASSETS		<u>(55,133)</u>	<u>(46,615)</u>	<u>1,267</u>	<u>7,305</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		10,760	8,720	-	-
Statutory reserve		7,066	7,066	-	-
Revaluation reserve		98	98	-	-
Other reserve		22,384	22,384	7,264	7,264
Accumulated losses		(537,632)	(527,958)	(533,380)	(527,342)
		<u>30,059</u>	<u>37,693</u>	<u>1,267</u>	<u>7,305</u>
Non-controlling interest		<u>(85,192)</u>	<u>(84,308)</u>	<u>-</u>	<u>-</u>
TOTAL (DEFICIT)/EQUITY		<u>(55,133)</u>	<u>(46,615)</u>	<u>1,267</u>	<u>7,305</u>

C. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

SINO CLOUD GROUP LIMITED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD/YEAR ENDED 30 JUNE 2024

(Expressed in Hong Kong thousand dollars)

	<u>3 Months Ended</u>		<u>Year Ended</u>	
	<u>30.06.2024</u> (Unaudited)	<u>30.06.2023</u> (Unaudited)	<u>30.06.2024</u> (Unaudited)	<u>30.06.2023</u> (Audited)
Cash flow from operating activities				
Loss before tax	(933)	(9,672)	(11,591)	(20,832)
<i>Adjustments:</i>				
Depreciation of property, plant and equipment	678	658	2,759	2,868
Depreciation of right-of-use assets	270	348	514	1,408
Reversal of financial assets and contract assets	-	(376)	(48)	(505)
Impairment loss of property, plant and equipment	1,291	941	1,291	941
Fair value remeasurement on convertible bonds	(881)	(2,094)	(881)	(2,094)
Fair value loss on derivative asset	957	776	957	776
Interest expense	1,623	2,430	6,580	7,072
Operating gain/(loss) before working capital changes	3,005	(6,989)	(419)	(10,366)
Trade and other receivables	2,515	1,029	537	2,248
Trade and other payables	(7,629)	11,188	(5,404)	7,562
Contract assets	(1,907)	(519)	(2,068)	(519)
Contract liabilities	(441)	(56)	532	(445)
Cash used in operations	(4,457)	4,653	(6,822)	(1,520)
Interest paid	(16)	(668)	(234)	(1,421)
Net cash (used in)/from operating activities	<u>(4,473)</u>	<u>3,985</u>	<u>(7,056)</u>	<u>(2,941)</u>
Cash flow from investing activities				
Payments to purchase property, plant and equipment	-	(123)	-	(123)
Net cash used in investing activities	<u>-</u>	<u>(123)</u>	<u>-</u>	<u>(123)</u>
Cash flow from financing activities				
Issuance of ordinary shares, net of issue costs	-	3,278	-	3,278
Repayment from/(Advances to) related parties, net	1,128	(4,079)	(271)	(817)
Advances from directors, net	275	556	2,557	556
Repayment of borrowings	(238)	(549)	(238)	(549)
Proceeds from borrowings	190	130	390	1,853
Deposit not available for use (frozen)	-	(57)	-	(57)
Net cash from/(used in) financing activities	<u>1,355</u>	<u>(721)</u>	<u>2,438</u>	<u>4,264</u>
Net (decrease)/increase in cash and cash equivalents	(3,118)	3,141	(4,618)	1,200
Cash and cash equivalents at beginning of the financial period/year	31	538	1,330	150
Effect of exchange rate changes in cash and cash equivalents	3,118	(2,349)	3,319	(20)
Cash and cash equivalents at end of the financial period/year, representing cash and bank balances	<u>31</u>	<u>1,330</u>	<u>31</u>	<u>1,330</u>
Analysis of cash and cash equivalents				
Cash and bank balances	31	1,387	31	1,387
Less: Frozen bank account in PRC	-	(57)	-	(57)
	<u>31</u>	<u>1,330</u>	<u>31</u>	<u>1,330</u>

D. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

FY2024 Group - Fourth 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 2024	21,059	489,868	16,456	8,625	7,066	98	22,384	(536,396)		
Loss for the year	-	-	-	-	-	-	-	(1,237)	303	(934)	
Currency translation differences arising from consolidation	-	-	-	2,135	-	-	-	-	1,023	3,158	
Total comprehensive income/ (expense) for the year	-	-	-	2,135	-	-	-	(1,237)	1,326	2,224	
Balance as at 30 June 2024	<u>21,059</u>	<u>489,868</u>	<u>16,456</u>	<u>10,760</u>	<u>7,066</u>	<u>98</u>	<u>22,384</u>	<u>(537,633)</u>	<u>(85,191)</u>	<u>(55,133)</u>	

FY2023

Group - Fourth Quarter

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 April 2023	15,878	481,352	16,456	7,001	7,066	98	22,384	(522,933)	(77,851)	(50,549)
Loss for the year	-	-	-	-	-	-	-	(5,025)	(4,647)	(9,672)
Currency translation differences arising from consolidation	-	-	-	1,719	-	-	-	-	(1,810)	(91)
Total comprehensive income / (loss) for the year	-	-	-	1,719	-	-	-	(5,025)	(6,457)	(9,763)
Issuance of ordinary shares, net of issue costs	5,181	8,516	-	-	-	-	-	-	-	13,697
Total contributions by and distributions to owners	5,181	8,516	-	-	-	-	-	-	-	13,697
Balance as at 30 June 2023	<u>21,059</u>	<u>489,868</u>	<u>16,456</u>	<u>8,720</u>	<u>7,066</u>	<u>98</u>	<u>22,384</u>	<u>(527,958)</u>	<u>(84,308)</u>	<u>(46,615)</u>

FY2024

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 2023	21,059	489,868	16,456	8,720	7,066	98	22,384	(527,958)	(84,308)	(46,615)
Loss for the year	-	-	-	-	-	-	-	(9,675)	(1,916)	(11,591)
Currency translation differences arising from consolidation	-	-	-	2,040	-	-	-	-	1,033	3,073
Total comprehensive income/ (expense) for the year	-	-	-	2,040	-	-	-	(9,675)	(883)	(8,518)
Balance as at 30 June 2024	<u>21,059</u>	<u>489,868</u>	<u>16,456</u>	<u>10,760</u>	<u>7,066</u>	<u>98</u>	<u>22,384</u>	<u>(537,633)</u>	<u>(85,191)</u>	<u>(55,133)</u>

FY2023

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 2022	15,878	481,352	16,456	5,488	7,066	98	22,384	(512,811)	(77,130)	(41,219)
Loss for the year	-	-	-	-	-	-	-	(15,147)	(5,685)	(20,832)
Currency translation differences arising from consolidation	-	-	-	3,232	-	-	-	-	(1,493)	1,739
Total comprehensive income / (loss) for the year	-	-	-	3,232	-	-	-	(15,147)	(7,178)	(19,093)
Issuance of ordinary shares, net of issue costs	5,181	8,516	-	-	-	-	-	-	-	13,697
Total contributions by and distributions to owners	5,181	8,516	-	-	-	-	-	-	-	13,697
Balance as at 30 June 2023	<u>21,059</u>	<u>489,868</u>	<u>16,456</u>	<u>8,720</u>	<u>7,066</u>	<u>98</u>	<u>22,384</u>	<u>(527,958)</u>	<u>(84,308)</u>	<u>(46,615)</u>

FY2024

Attributable to equity holders of the Company

Company - Fourth Quarter

	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 2024	21,059	489,868	16,456	7,264	(531,959)	2,688
Loss for the year	-	-	-	-	(1,421)	(1,421)
Balance as at 30 June 2024	<u>21,059</u>	<u>489,868</u>	<u>16,456</u>	<u>7,264</u>	<u>(533,380)</u>	<u>1,267</u>

FY2023

Attributable to equity holders of the Company

Company - Fourth Quarter

Balance as at 1 April 2023	15,878	481,352	16,456	7,264	(496,441)	24,509
Issuance of shares, net of issue costs	5,181	8,516	-	-	-	13,697
Loss for the year	-	-	-	-	(30,901)	(30,901)
Balance as at 30 June 2023	<u>21,059</u>	<u>489,868</u>	<u>16,456</u>	<u>7,264</u>	<u>(527,342)</u>	<u>7,305</u>

FY2024

Attributable to equity holders of the Company

Company - Full Year

	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 2023	21,059	489,868	16,456	7,264	(527,342)	7,305
Loss for the year	-	-	-	-	(6,038)	(6,038)
Balance as at 30 June 2024	<u>21,059</u>	<u>489,868</u>	<u>16,456</u>	<u>7,264</u>	<u>(533,380)</u>	<u>1,267</u>

FY2023

Attributable to equity holders of the Company

Company - Full Year

Balance as at 1 July 2022	15,878	481,352	16,456	7,264	(492,586)	28,364
Issuance of shares, net of issue costs	5,181	8,516	-	-	-	13,697
Loss for the year	-	-	-	-	(34,756)	(34,756)
Balance as at 30 June 2023	<u>21,059</u>	<u>489,868</u>	<u>16,456</u>	<u>7,264</u>	<u>(527,342)</u>	<u>7,305</u>

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 (“**IDC**”) services.

Economic Growth in the PRC

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.

Despite of the current situation, the Company has been able to secure new businesses and renew contract with different government bureaux at Guizhou province of the PRC and other private sector entities in the second half of FY2024, The Group will continue to explore new business opportunities in the IDC business and other industries for the purpose of improving its financial performance, financial position and cash flows.

2. Basis of preparation

This condensed interim consolidated financial statements for the three months and full year ended 30 June 2024 (“**FY2024**”) 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 condensed interim consolidated financial statements of the Group for the third quarter and nine months ended 31 March 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 the three months and full year ended 30 June 2024 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\$11,591,000 (FY2023: HK\$20,832,000) for FY2024, and was in net current liabilities and net liabilities of HK\$57,328,000 and HK\$55,133,000 respectively as at 30 June 2024. As of 30 June 2024, the Group’s cash and bank balances available for use amounted to HK\$31,000 (30 June 2023: HK\$1,387,000) while its current liabilities amounted to HK\$66,030,000 (30 June 2023: HK\$67,020,000).

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\$23,252,000 or 35.2% of current liabilities (comprising borrowings of HK\$6,500,000 (Note 12), liability component of the redeemable convertible bond of HK\$15,160,000 (Note 13) and related interests of HK\$626,000 and HK\$966,000 (“**Outstanding Interest Payable**”) respectively as at 30 June 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. Subsequent to end of FY2024, 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. Guiyang Tech is in discussion with the PRC bank to extend the maturity of the loan and remains confident that the bank will extend the repayment terms of the said loan to March 2025.
- 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\$10,040,000 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 2023, 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 and full year ended 30 June 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 applied to the Group's latest audited consolidated financial statements as at and for the 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/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 ("CODM") reviews internal management reports on a quarterly basis. The following summary describes the operations 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 following:

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

4 Segment and revenue information (continued)

Business segments

3-months ended 30 June 2024

	Three months ended 30.06.24		
	Internet Data Centre Services	All other segments	Total
	HK\$'000	HK\$'000	HK\$'000
Revenue from external parties	5,196	-	5,196
Segment profit/(loss)	1,767	(1,077)	690
Finance costs			(1,623)
Loss before tax			(933)
Income tax			-
Loss for the financial period			(933)
<u>Other segment items</u>			
Depreciation of property, plant and equipment	678	-	678
Depreciation of right-of-use assets	270	-	270
Reversal of financial assets and contract assets			
- financial assets and contract assets	-	-	-
- property, plant and equipment	1,291	-	1,291
Fair value remeasurement on convertible bonds	-	(881)	(881)
Fair value loss on derivative asset	-	957	957

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

Business segments (continued)

3-months ended 30 June 2023

	Three months ended 30.06.23		
	Internet Data Centre Services	All other segments	Total
	HK\$'000	HK\$'000	HK\$'000
Revenue from external parties	1,189	-	1,189
Segment loss	(6,499)	(743)	(7,242)
Finance costs			(2,430)
Loss before tax			(9,672)
Income tax expense			-
Loss for the financial period			(9,672)
<u>Other segment items</u>			
Depreciation of property, plant and equipment	658	-	658
Depreciation of right-of-use assets	348	-	348
Reversal of financial assets and contract assets			
- financial assets and contract assets	(197)	-	(197)
- property, plant and equipment	941	-	941
Fair value remeasurement on convertible bonds	-	(2,094)	(2,094)
Fair value loss on derivative asset	-	776	776

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

Business segments (continued)

FY2024

	Year ended 30.06.24		
	Internet Data Centre Services	All other segments	Total
	HK\$'000	HK\$'000	HK\$'000
Revenue from external parties	11,161	-	11,161
Segment loss	(106)	(4,905)	(5,011)
Finance costs			(6,580)
Loss before tax			(11,591)
Income tax			-
Loss for the financial period			(11,591)
<u>Other segment items</u>			
Depreciation of property, plant and equipment	2,759	-	2,759
Depreciation of right-of-use assets	514	-	514
Reversal of financial assets and contract assets			
- financial assets and contract assets	(48)	-	(48)
- property, plant and equipment	1,291	-	1,291
Fair value remeasurement on convertible bonds	-	(881)	(881)
Fair value loss on derivative asset	-	957	957

4. Segment and revenue information (continued)

Business segments (continued)

FY2023

	Year ended 30.06.23		
	Internet Data Centre Services	All other segments	Total
	HK\$'000	HK\$'000	HK\$'000
Revenue from external parties	7,336	-	7,336
Segment loss	(9,824)	(3,936)	(13,760)
Finance costs			(7,072)
Loss before tax			(20,832)
Income tax expense			-
Loss for the financial period			(20,832)
<u>Other segment items</u>			
Depreciation of property, plant and equipment	2,868	-	2,868
Depreciation of right-of-use assets	1,408	-	1,408
Reversal of financial assets and contract assets			
- financial assets and contract assets	(326)	-	(326)
- property, plant and equipment	941	-	941
Fair value remeasurement on convertible bonds	-	(2,094)	(2,094)
Fair value loss on derivative asset	-	776	776

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.

4. Segment and revenue information (continued)

	Group		
	FY2024 HK\$'000 (Unaudited)	FY2023 HK\$'000 (Unaudited)	% Increase/ (Decrease)
First half of the financial year			
(a) Revenue	2,951	4,652	(36.6)
(b) Operating loss after tax before deducting non-controlling interests	(8,382)	(7,628)	9.9
Second half of the financial year			
(a) Revenue	8,210	2,684	>100
(b) Operating loss after tax before deducting non-controlling interests	(3,209)	(13,204)	(75.7)
Full year			
(a) Revenue	11,161	7,336	52.1
(b) Operating loss after tax before deducting non-controlling interests	(11,591)	(20,832)	(44.4)

5 Other income

	Three months ended		Year ended	
	30.06.2024 HK\$'000	30.06.2023 HK\$'000	30.06.2024 HK\$'000	30.06.2023 HK\$'000
VAT refund	-	(3)	6	241
Bank interest income	-	-	1	-
Others	-	-	-	2
	<u>-</u>	<u>(3)</u>	<u>7</u>	<u>243</u>

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

Reversal of financial assets and contract assets was Nil for the three months ended 2024 (three months ended 30 June 2023: HK\$0.4 million) and HK\$0.05 million for the full year ended 30 June 2024 (full year ended 30 June 2023: HK\$0.5 million) represent recovery of trade receivables and prepayments from counter parties during the period/year.

Impairment loss of property, plant and equipment of HK\$1.3 million for the three months and full year ended 30 June 2024 relates to the remeasurement of salvage value of the Expansion Project¹ during FY2024 (three months and full year ended 30 June 2023: HK\$941,000).

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.

7 Finance costs

	Three months ended		Year ended	
	30.06.2024	30.06.2023	30.06.2024	30.06.2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Interest expense on				
- Redeemable convertible bonds	449	1,252	1,825	2,252
- Loans	180	158	860	803
- Lease liabilities	994	1,020	3,895	4,017
	<u>1,623</u>	<u>2,430</u>	<u>6,580</u>	<u>7,072</u>

8 Loss before taxation

	Three months ended		Year ended	
	30.06.2024	30.06.2023	30.06.2024	30.06.2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Loss before taxation is stated after charging:				
Directors' remuneration				
- directors of the Company	75	61	300	297
Directors' fees				
- directors of the Company	60	77	232	347
Audit fees				
- auditors of the Company	353	693	1,422	1,523
- other auditors	32	55	127	117

9 Loss per Share

	Group			
	3 Months Ended 30 June 2024 (Unaudited)	3 Months Ended 30 June 2023 (Unaudited)	Year Ended 30 June 2024 (Unaudited)	Year Ended 30 June 2023 (Audited)
Loss attributable to equity holders of the Company (HK\$'000)	(1,237)	(5,025)	(9,675)	(15,147)
Weighted average number of shares in issue	210,593,153	184,464,009	210,593,153	171,014,329
Loss per ordinary share (HK cents)				
- Based on weighted average number of ordinary shares in issue	(0.59)	(2.72)	(4.59)	(8.86)
- On a fully diluted basis	(0.59)	(2.72)	(4.59)	(8.86)

Note:

- (1) The Convertible Bond, which will expire on 22 June 2025, has no dilutive effect for the three months and full year ended 30 June 2024 and 30 June 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		Year ended	
	30.06.2024	30.06.2023	30.06.2024	30.06.2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Advances from directors, net	275	556	2,557	556
Repayment from/(Advance to) related parties, net	<u>1,128</u>	<u>(4,079)</u>	<u>(271)</u>	<u>(817)</u>
<u>Key management personnel compensation</u>				
Directors of the Company				
- Salary and related costs	75	61	300	297
- Contribution to defined contribution plans	4	7	15	18
- Directors' fee	60	77	232	347
Directors of subsidiaries				
- Salary and related costs	180	167	720	720
- Contribution to defined contribution plans	4	4	18	18
	<u>323</u>	<u>316</u>	<u>1,285</u>	<u>1,400</u>
Categories of total compensation				
- Short-term employment benefits	315	305	1,252	1,364
- Post-employment benefits	8	11	33	36
	<u>323</u>	<u>316</u>	<u>1,285</u>	<u>1,400</u>

11 Property, plant and equipment

Impairment loss of property, plant and equipment of HK\$1,291,000 was made during FY2024. Acquisition and impairment loss of property, plant and equipment of HK\$123,000 and HK\$941,000, respectively, were made during FY2023. For impairment loss of property, plant and equipment, please refer to note 6 for details.

12 Borrowings

Group	Interest rate	Due after		Total
		Due within 1 year	1 year but less than 5 years	
		HK\$'000	HK\$'000	HK\$'000
<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 2)
Loan 23 (Unsecured) - Fixed rate	10.00%	200	-	200
Loan 24 (Unsecured) - Fixed rate	10.00%	100	-	100
Loan 25 (Unsecured) - Fixed rate	10.00%	90	-	90
		10,045	-	10,045
<u>As at 30 June 2023</u>				
Loan 1 (Unsecured) - Fixed rate	7.20%	3,783	-	3,783
Loan 5 (Unsecured) - Fixed rate	6.00%	931	-	931
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
Loan 12 (Unsecured) - Fixed rate	10.00%	155	-	155
Loan 13 (Unsecured) - Fixed rate	10.00%	435	-	435
Loan 14 (Unsecured) - Fixed rate	10.00%	200	-	200
Loan 15 (Unsecured) - Fixed rate	10.00%	150	-	150
Loan 16 (Unsecured) - Fixed rate	10.00%	480	-	480
Loan 17 (Unsecured) - Fixed rate	10.00%	150	-	150
Loan 18 (Unsecured) - Fixed rate	10.00%	153	-	153
Loan 19 (Unsecured) - Fixed rate	10.00%	70	-	70
Loan 20 (Unsecured) - Fixed rate	10.00%	60	-	60
		7,801	-	7,801

Company

As at 31 March 2024 and 30 June 2023

Nil

Note:

Note 1

The Company signed a loan extension agreement with Mr Lam to extend all loans (Loan 5 to Loan 20) with the same terms for one year tenure on 1 July 2023.

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\$1,492,000 and HK\$600,000 respectively to loan carrying interest at 10% per annum on 1 July 2023 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 is in discussion with the PRC bank to extend the repayment terms of the loan to March 2025.

Loan 23 to 25

The loans are due to Mr Lam. The loans are unsecured, interest bearing at 10% per annum and repayment within one year.

13 Redeemable Convertible Bond

The convertible bond issued on 23 November 2020, 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 (“**Maturity 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.
Maturity 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 Maturity 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 HK\$'000
Liability component as at 30 June 2023	15,178
Accumulated amortisation of interest expense	1,825
Accrued coupon interest included in other payables	(1,843)
Liability component as at 30 June 2024	<u>15,160</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 2023 and 30 June 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 June 2024	As at 30 June 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 ⁽³⁾	210,593,153 ⁽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 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 June 2023 and 30 June 2024.

15 Net Asset Value

	Group		Company	
	As at 30 June 2024 (Unaudited)	As at 30 June 2023 (Unaudited)	As at 30 June 2024 (Unaudited)	As at 30 June 2023 (Audited)
Net asset value attributable to the Group (HK\$'000)	30,059	37,693	1,267	7,305
Number of shares in issue	210,593,153	210,593,153	210,593,153	210,593,153
Net asset value per ordinary share (HK\$ cents)	14.27	17.90	0.60	3.47

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 June 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 changes in equity and condensed interim consolidated statement of cash flows for the three months and full year ended 30 June 2024 and certain 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 June 2024 and 30 June 2023 was 210,593,153. There were no treasury shares as at 30 June 2024 and 30 June 2023.

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 (“**FY2023**”) 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 FY2024 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 assumptions prepared by the Management for purposes of this condensed interim consolidated financial statements for FY2024 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\$4.0 million, from HK\$1.2 million in the three months ended 30 June 2023 ("**3M FY2023**") to HK\$5.2 million in the three months ended 30 June 2024 ("**3M FY2024**"). Revenue increased by HK\$3.9 million, from HK\$7.3 million in the full year ended 30 June 2023 ("**FY2023**") to HK\$11.2 million in the full year ended 30 June 2024 ("**FY2024**"), due to increase in customer demand from private sector and renewal of contracts from the government sector during FY2024.

Other income

The expense of HK\$3,000 in other income reported in the 3M FY2023 was mainly due to the exchange difference arising from value added tax ("**VAT**") refund, as the VAT refund received was in Renminbi and the Company's reporting currency is in Hong Kong dollar.

Other income of HK\$7,000 in FY2024 relates to the VAT refund and bank interest income received during FY2024, while HK\$0.2 million in FY2023 mainly related to VAT refund during FY2023.

Expenses

Depreciation of property, plant and equipment (“**PPE**”) remained at HK\$0.7 million in the 3M FY2023 and 3M FY2024, and decreased by HK\$0.1 million, from HK\$2.9 million in FY2023 to HK\$2.8 million in FY2024, as a result of the full depreciation and impairment of respective PPE.

Depreciation of right-of-use assets amounted to HK\$0.3 million in the 3M FY2024 and HK\$0.5 million in FY2024 (3M FY2023 and FY2023: HK\$0.4 million and HK\$1.4 million respectively). The decrease during 3M FY2024 and FY2024 was due to reassessment of lease liabilities and right-of use assets during FY2024.

Reversal of financial assets and contract assets was (i) HK\$0.4 million and HK\$0.5 million in 3M FY2023 and FY2023 respectively, and (ii) Nil and HK\$0.05 million in 3M FY2024 and FY2024 respectively, mainly due to debt recovery from customers already impaired in past years.

Impairment loss of property, plant and equipment of HK\$1.3 million for 3M FY2024 and FY2024 relates to the remeasurement of salvage value of the Expansion Project during FY2024. Impairment loss of property, plant and equipment of HK\$0.9 million for 3M FY2023 and FY2023, 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 remeasurement on the Convertible Bond of HK\$0.9 million for 3M FY2024 and FY2024 (3M FY2023 and FY2023: HK\$2.1 million) was attributable to the the remeasurement of liability component upon the extension of the redeemable convertible bond on 22 June 2024.

Fair value loss on derivative asset of HK\$1.0 million for 3M FY2024 and FY2024 (3M FY2023 and FY2023: HK\$0.8 million) relates to the reduction of the Company’s redemption option for the Convertible Bond during FY2024.

Bandwidth fees (i) decreased from HK\$0.2 million in the 3M FY2023 to less than HK\$0.01 million in the 3M FY2024, and (ii) decreased from HK\$0.4 million in FY2024 to HK\$0.1 million in FY2023, due to decrease in usage of bandwidth in 3M FY2024 and FY2024.

Employee benefits expenses decreased by HK\$0.9 million, from HK\$1.3 million in the 3M FY2023 to HK\$0.4 million in the 3M FY2024, and decreased by HK\$1.0 million to HK\$2.2 million in FY2024, from HK\$3.2 million in FY2023, 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\$4.9 million, from HK\$6.7 million in 3M FY2023 to HK\$1.8 million in 3M FY2024. It decreased by HK\$5.1 million, from HK\$14.4 million in FY2023 to HK\$9.3 million in FY2024, mainly due to reduction in utility and legal and professional fees incurred in FY2024.

Foreign exchange gain was HK\$12,000 and HK\$27,000 in 3M FY2024 and FY2024 respectively (3M FY2023 and FY2023: foreign exchange gain of HK\$40,000 and foreign exchange loss HK\$6,000 respectively), mainly due to the depreciation of Renminbi (“**RMB**”) against Hong Kong Dollar (“**HKD**”) in FY2024.

Finance costs decreased by HK\$0.8 million, from HK\$2.4 million in the 3M FY2023 to HK\$1.6 million in the 3M FY2024, and decreased by HK\$0.5 million, from HK\$7.1 million in FY2023 to HK\$6.6 million in FY2024, mainly attributable to decrease in interest expense on the Convertible Bond during the 3M FY2024 and FY2024.

Income tax

There was no income tax reported in the 3M FY2023, 3M FY2024, FY2023 and FY2024 as there was no assessable profit generated during the respective periods.

Net loss after taxation

As a result of the aforesaid, the Group recorded a loss after tax of HK\$0.9 million in the 3M FY2024 (3M FY2023: loss after tax of HK\$9.7 million), and a loss after tax of HK\$11.6 million in FY2024 (FY2023: loss after tax of HK\$20.8 million).

(B) REVIEW OF FINANCIAL POSITION

Non-Current Assets

Non-current assets of the Group amounted to HK\$58.2 million and HK\$66.8 million as at 30 June 2024 and 30 June 2023 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\$4.2 million, from HK\$39.9 million as at 30 June 2023 to HK\$35.7 million as at 30 June 2024. The decrease was mainly due to impairment loss of HK\$1.3 million, depreciation charge of HK\$2.8 million and translation loss of HK\$0.1 million arising from depreciation of RMB against HKD during FY2024.

(ii) Right-of-use assets

The net book value of right-of-use assets decreased by HK\$4.4 million, from HK\$15.0 million as at 30 June 2023 to HK\$10.6 million as at 30 June 2024. The decrease was due to depreciation charge of HK\$1.1 million, reassessment of HK\$3.2 million and translation loss of HK\$0.1 million during FY2024.

(iii) Deferred tax assets

Deferred tax assets remained unchanged at HK\$12.0 million as at 30 June 2024 and 30 June 2023. 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\$1.1 million, from HK\$9.8 million as at 30 June 2023 to HK\$8.7 million as at 30 June 2024. Current assets comprised (i) trade and other receivables; (ii) contract assets; (iii) derivative asset; and (iv) cash and bank balances.

(i) Trade and other receivables

Trade and other receivables decreased by HK\$0.8 million, from HK\$6.9 million as at 30 June 2023 to HK\$6.1 million as at 30 June 2024. Trade and other receivables as at 30 June 2024 comprise trade receivables of HK\$0.2 million, amount due from a related party of HK\$4.8 million and other receivables and prepayment of HK\$1.1 million.

Trade receivables decreased by HK\$0.4 million, from HK\$0.6 million as at 30 June 2023 to HK\$0.2 million as at 30 June 2024. The decrease was mainly due to receipt of payment during FY2024.

Amount due from a related party of HK\$4.8 million as at 30 June 2024 (30 June 2023: HK\$5.1 million) relates to advances to a related party of a substantial shareholder of the Company. The amount is unsecured, interest-free and repayable on demand.

Other receivables and prepayment decreased by HK\$0.2 million, from HK\$1.3 million as at 30 June 2023 to HK\$1.1 million as at 30 June 2024, due to decrease in deposits paid during FY2024.

(ii) Derivative asset

Derivative asset decreased by HK\$0.9 million, from HK\$0.9 million as at 30 June 2023 to Nil as at 30 June 2024, due to fair value loss in the Company's redemption option embedded in the Convertible Bond during FY2024.

(iii) Cash and bank balances

Cash and bank balances decreased by HK\$1.37 million, from HK\$1.4 million as at 30 June 2023 to HK\$0.03 million as at 30 June 2024. Please refer to "Cashflows" for the movement in cash and cash equivalents.

Current Liabilities

Current liabilities decreased by HK\$1.0 million, from HK\$67.0 million as at 30 June 2023 to HK\$66.0 million as at 30 June 2024, mainly due to the following:

(i) Trade and other payables

Trade and other payables decreased by HK\$3.6 million, from HK\$35.5 million as at 30 June 2023 to HK\$31.9 million as at 30 June 2024. Trade and other payables as at 30 June 2024 comprised (a) trade payables of HK\$0.3 million; (b) other payables of HK\$16.1 million; (c) VAT payable of HK\$7.0 million; (d) accruals of HK\$3.1 million; (e) amount due to directors of the Company of HK\$3.8 million; and (f) amount due to related parties of HK\$1.6 million.

(a) Trade payables decreased by HK\$1.6 million, from HK\$1.9 million as at 30 June 2023 to HK\$0.3 million as at 30 June 2024, mainly due to settlement during FY2024.

(b) Other payables which mainly relate to amount owed to a former broadband and utilities supplier and advances from independent third parties, decreased by HK\$2.1 million, from HK\$18.2 million as at 30 June 2023 to HK\$16.1 million as at 30 June 2024, mainly due to settlement during FY2024.

(c) VAT payable decreased by HK\$0.2 million, from HK\$7.2 million as at 30 June 2023 to HK\$7.0 million as at 30 June 2024, mainly due to settlement during FY2024.

(d) Accruals decreased by HK\$1.9 million, from HK\$5.0 million as at 30 June 2023 to HK\$3.1 million as at 30 June 2024, mainly due to settlement of legal and professional fees, and utility payables during FY2024.

(e) Amount due to Directors of the Company increased by HK\$2.8 million, from HK\$1.0 million as at 30 June 2023 to HK\$3.8 million as at 30 June 2024, as a result of an increase in advances from Directors during FY2024. The amounts were unsecured, interest-free and repayable on demand.

(f) Amount due to related parties decreased by HK\$0.6 million, from HK\$2.2 million as at 30 June 2023 to HK\$1.6 million as at 30 June 2024, mainly due to repayment during FY2024. The amounts were unsecured, interest-free and repayable on demand.

(ii) Contract liabilities

Contract liabilities increased by HK\$0.5 million, from HK\$0.1 million as at 30 June 2023 to HK\$0.6 million as at 30 June 2024, due to increase in the receipt of customer deposit for IDC contracts where the corresponding IDC services have yet to be fully performed as at 30 June 2024.

(iii) Borrowings

Borrowings increased by HK\$2.2 million, from HK\$7.8 million as at 30 June 2023 to HK\$10.0 million as at 30 June 2024, mainly due to conversion of interests payable on the Convertible Bond of HK\$1.5 million and loan interests payable of HK\$0.6 million, upon signing an agreement with Mr. Lam during FY2024.

(iv) Redeemable convertible bond

Redeemable convertible bond which relates to the Convertible Bond, remained at HK\$15.2 million as at 30 June 2024 and 30 June 2023. The movement comprised accumulated amortisation of interest expense of HK\$1.8 million, fully offset by the accrued coupon interests of HK\$0.9 million and fair value remeasurement on redeemable convertible bond of HK\$0.9 million during FY2024.

Non-current Liabilities

Non-current liabilities, comprising lease liabilities, decreased by HK\$0.3 million, from HK\$56.3 million as at 30 June 2023 to HK\$56.0 million as at 30 June 2024, due to (i) lease reassessment of HK\$3.8 million, and (ii) effect of depreciation of RMB against HKD amounting to HK\$0.4 million, partially offset by (iii) interests incurred of HK\$3.9 million during FY2024.

Working Capital

Due to the changes in current assets and current liabilities as described above, the Group reported a negative working capital of HK\$57.3 million as at 30 June 2024 (30 June 2023: HK\$57.2 million). The Board is of the view that the Group's current liabilities include an amount of HK\$57.5 million (accounting for 87% of the Group's total current liabilities as at 30 June 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\$7.0 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 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\$10.0 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 one year from 30 June 2024.
- (iv) Interest payable for loan and the Convertible Bond issued to Mr. Lam amounting to HK\$1.6 million, which has been converted into a loan from Mr. Lam to the Company and the Company's subsidiary, 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) Contract liabilities of HK\$0.6 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\$15.2 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\$23,252,000 (which comprise borrowings of HK\$6,500,000 (Note 12), liability component of the redeemable convertible bond of HK\$15,160,000 (Note 13) and related interests of HK\$626,000 and HK\$966,000 respectively as at 30 June 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

(a) 3M FY2024

Net cash used in operating activities in 3M FY2024 amounted to HK\$4.5 million. This was mainly due to (i) decrease in trade and other payables of HK\$7.7 million, (ii) increase in contract assets of HK\$1.9 million, and (iii) decrease in contract liabilities of HK\$0.4 million, partially offset by (v) operating profit before working capital changes of HK\$3.0 million; and (vi) decrease in trade and other receivables of HK\$2.5 million.

There was no net cash from or used in investing activities in 3M FY2024.

Net cash from financing activities amounted to HK\$1.4 million in 3M FY2024, mainly due to (i) net repayment from related parties of HK\$1.1 million, (ii) net advances from directors of HK\$0.3 million, and (iii) proceeds from borrowings from a substantial shareholder of HK\$0.2 million, partially offset by (iv) repayment of bank borrowings of HK\$0.2 million.

As a result of the above, together with the effect of exchange rate changes in cash and cash equivalents of HK\$3.1 million, the Group's cash and cash equivalents remained unchanged at HK\$0.03 million as at 30 March 2024 and 30 June 2024.

(b) FY2024

Net cash used in operating activities in FY2024 amounted to HK\$7.1 million. This was mainly due to (i) operating loss before working capital changes of HK\$0.4 million, (ii) decrease in trade, and other payables of HK\$5.4 million; (iii) increase in contract assets of HK\$2.1 million, and (iv) interest paid of HK\$0.2 million; partially offset by (v) decrease in trade and other receivables of HK\$0.5 million, and (vi) increase in contract liabilities of HK\$0.5 million.

There was no net cash from or used in investing activities in the FY2024.

Net cash from financing activities amounted to HK\$2.4 million in FY2024, mainly due to (i) the net advances from directors and borrowings from a substantial shareholder of HK\$2.5 million and HK\$0.4 million respectively, partially offset by (ii) the net advances to related parties of HK\$0.3 million, and (iii) repayment of bank borrowings of HK\$0.2 million.

As a result of the above and the effect of exchange rate changes in cash and cash equivalents of HK\$3.3 million, the Group's cash and cash equivalents decreased from HK\$1.3 million as at 30 June 2023 to HK\$0.03 million as at 30 June 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. As disclosed in Note 1 of the unaudited result announcement above, due to the significant and continued adverse economic impact on the Group's major customers of a slower growth in the PRC, lower customers' demand and deferral of contract renewal continue to result in a decrease in revenue.

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 continues to 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.

On 8 March 2024, the Company announced that a non-binding Memorandum of Understanding ("MOU") was entered into with Mr Luk Siu Fung, the former Executive Director and Chief Executive Officer of the Company, to acquire 60% shareholding interests of two investment holding companies to be incorporated in Hong Kong ("**Proposed Acquisition**"). Both parties held various discussions since signing the MOU but these discussions did not materialise into a definitive agreement and the MOU has lapsed in June 2024.

The Company continues to explore various alternatives to further strengthen the Group's 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 earnings 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 (FY2023: 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 FY2024 as the Group is loss making for FY2024.

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 FY2024 and FY2023.

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	29	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.	No change

17. Disclosures pursuant to Rule 706(A) of the Catalist Rules

The Company did not acquire (including incorporation of company) 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 FY2024.

BY ORDER OF THE BOARD

Chan Andrew Wai Men
Executive Chairman

Lam Chun Hei, Justin
Executive Director and
Chief Operating Officer

6 December 2024