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 2021

*Pursuant to Rule 705(2C) of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist ("**Catalist Rules**"), the Company is required by the SGX-ST to continue to announce its quarterly financial statements in view of the material uncertainty relating to going concern issued by the Company's auditors in its latest audited financial statements for the financial year ended 30 June 2020.*

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

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

The contact person for the Sponsor is Ms. Alice Ng, Director of Continuing Sponsorship, ZICO Capital Pte. Ltd. at 8 Robinson Road, #09-00 ASO Building, Singapore 048544, telephone (65) 6636 4201.

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

CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE 4TH QUARTER AND FULL YEAR ENDED 30 JUNE 2021
(Expressed in Hong Kong thousand dollars)

	Note	3 months ended			12 months ended		
		30 June 2021 (Unaudited)	30 June 2020 (Unaudited)	% + / (-)	30 June 2021 (Unaudited)	30 June 2020 (Audited)	% + / (-)
Revenue	**4**	3,106	4,129	(25)	15,647	33,253	(53)
Amortisation of intangible assets		-	591	(100)	-	(3,101)	(100)
Depreciation of property, plant and equipment		(1,594)	(2,163)	(26)	(5,732)	(7,633)	(25)
Depreciation of right-of-use assets		(601)	(2,572)	(77)	(2,451)	(2,572)	(5)
Impairment of financial assets	**6**	(5,337)	(58,158)	(91)	(5,337)	(58,158)	(91)
Impairment of intangible assets	**6**	-	(38,844)	(100)	-	(124,779)	(100)
Bandwidth fees		(274)	(1,283)	(79)	(3,674)	(6,842)	(46)
Employee benefits writeback /(expenses)		137	(654)	N.M.	(2,220)	(4,491)	(51)
Operating lease (expenses)/income		(52)	2,558	N.M.	(181)	-	N.M.
Other income	**5**	2,132	461	362	4,027	731	451
Other expenses		(3,117)	(1,802)	73	(11,178)	(11,597)	(4)
Foreign exchange gain/(loss)		1,128	(614)	N.M.	1,071	(572)	N.M.
Finance costs	**7**	(1,787)	(5,893)	(70)	(7,988)	(8,536)	(6)
Loss before taxation	**8**	(6,259)	(104,244)	(94)	(18,016)	(194,297)	(91)
Income tax credit	**9**	-	3,953	(100)	-	3,080	(100)
Loss for the financial period/year		(6,259)	(100,291)	(94)	(18,016)	(191,217)	(91)
Other comprehensive income/(loss):							
- Currency translation differences arising from consolidation		4,734	1,279	270	12,099	(6,592)	N.M.
- Equity component of convertible bonds		5,498	-	N.M.	5,498	-	N.M.
- Waiver of debts by a shareholder		522	-	N.M.	522	-	N.M.
Other comprehensive loss for the financial period/year, net of tax		10,754	1,279	741	18,119	(6,592)	N.M.
Total comprehensive loss for the financial period/year		4,495	(99,012)	N.M.	103	(197,809)	N.M.
Loss attributable to:							
- Owners of the Company		(2,927)	(12,482)	(77)	(13,121)	(105,385)	(88)
- Non-controlling interests		(3,332)	(87,809)	(96)	(4,895)	(85,832)	(94)
		(6,259)	(100,291)	(94)	(18,016)	(191,217)	(91)
Total comprehensive loss attributable to:							
- Owners of the Company		8,213	(11,844)	(169)	1,711	(109,826)	(102)
- Non-controlling interests		(3,718)	(87,168)	(96)	(1,608)	(87,983)	(98)
		4,495	(99,012)	(105)	103	(197,809)	(100)
Loss per share for loss for the period/year attributable to the owners of the Company during the period/year:							
Basic (HK cents)	**10**	(0.018)	(0.087)	(79)	(0.087)	(0.736)	(88)

N.M.: Not meaningful

B. CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

SINOCLOUD GROUP LIMITED
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2021
(Expressed in Hong Kong thousand dollars)

		The Group		The Company	
	Note	As at 30 June 2021 (Unaudited)	As at 30 June 2020 (Audited)	As at 30 June 2021 (Unaudited)	As at 30 June 2020 (Audited)
ASSETS					
Non-current assets					
Property, plant and equipment	**12**	193,218	181,366	-	-
Right-of-use assets		29,592	31,961	-	-
Investment in subsidiaries		-	-	57,112	57,112
Deferred tax assets		8,185	8,185	-	-
		230,995	221,512	57,112	57,112
Current assets					
Trade and other receivables		25,818	20,827	10,933	92
Derivative financial instrument		4,933	-	4,933	-
Cash and bank balances		461	303	-	-
		31,212	21,130	15,866	92
TOTAL ASSETS		262,207	242,642	72,978	57,204
LIABILITIES					
Current liabilities					
Trade and other payables		40,730	36,095	1,888	18,868
Contract liabilities		2,885	152	-	-
Provision for warranty		-	807	-	-
Income tax payable		7,797	7,694	-	-
Borrowings	**13**	-	8,008	-	3,094
		51,412	52,756	1,888	21,962
Non-current liabilities					
Trade and other payables		-	2,405	-	-
Liability component of redeemable convertible bonds	**14**	22,653	-	22,653	-
Borrowings	**13**	4,790	20,960	-	-
Lease liabilities		63,818	57,006	-	-
		91,261	80,371	22,653	-
TOTAL LIABILITIES		142,673	133,127	24,541	21,962
NET ASSETS		119,534	109,515	48,437	35,242
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	**15**	15,878	14,311	15,878	14,311
Share premium		481,352	473,003	481,352	473,003
Contributed surplus		16,456	16,456	16,456	16,456
Translation deficit		4,030	(4,782)	-	-
Statutory reserve		7,066	7,066	-	-
Revaluation reserve		98	98	-	-
Other reserve		20,618	15,120	5,498	-
Accumulated losses		(408,895)	(396,296)	(470,747)	(468,528)
		136,603	124,976	48,437	35,242
Non-controlling interest		(17,069)	(15,461)	-	-
TOTAL EQUITY		119,534	109,515	48,437	35,242

C. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

SINOCLOUD GROUP LIMITED

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE 4TH QUARTER AND FULL YEAR ENDED 30 JUNE 2021

(Expressed in Hong Kong thousand dollars)

	Three Months Ended		Year Ended	
	30 June 2021	**30 June 2020**	**30 June 2021**	**30 June 2020**
Cash flow from operating activities				
Loss before tax	(6,259)	(104,244)	(18,016)	(194,297)
Adjustments:				
Depreciation of property, plant and equipment	1,594	2,163	5,732	7,633
Depreciation of right-of-use assets	601	2,572	2,451	2,572
Amortisation of intangible assets	-	(591)	-	3,101
Waiver of liabilities	(1,115)	(716)	(1,115)	(716)
Impairment of financial assets	5,337	58,158	5,337	58,158
Impairment of intangible assets	-	38,844	-	124,779
Fair value gain on derivative financial instrument	(1,958)	-	(1,958)	-
Reversal of provision for warranty	(866)	-	(866)	-
Interest expense	1,787	5,893	7,988	8,536
Operating (loss)/profit before working capital changes	(879)	2,079	(447)	9,766
Trade and other receivables	1,905	8,993	(2,364)	3,068
Trade and other payables	4,521	4,085	5,392	(770)
Contract assets	1,180	(3,184)	(2,369)	(427)
Contract liabilities	(2,942)	114	1,787	(454)
Cash from operations	3,785	12,087	1,999	11,183
Income tax paid	-	(4,110)	-	(4,339)
Interest paid	(1,343)	(5,055)	(1,808)	(5,267)
Net cash from operating activities	2,442	2,922	191	1,577
Cash flow from investing activities				
Payments to purchase property, plant and equipment	-	(6,430)	-	(16,092)
Refund of advances and earnest deposits from vendors of China Satellite Group	-	-	-	11,486
Placement of prepayment for software development	-	(1,642)	-	(1,642)
Net cash used in investing activities	-	(8,072)	-	(6,248)
Cash flow from financing activities				
Proceeds from placement	-	-	9,916	-
Advance from/ (repayment to) director of the Company	1,249	(223)	(1,156)	372
Proceeds from/ (repayment to) a loan to director of a subsidiary	-	809	-	-
Advances from / (repayment to) a related party, net	(3,133)	3,068	(3,133)	3,068
Proceeds from redeemable convertible bonds	-	-	5,000	-
Repayment of convertible bonds	-	-	(7,000)	-
Net (repayment) / advance from shareholders	(3,166)	-	(3,680)	-
Proceeds from / (Repayment of) borrowings	590	966	-	966
Net cash (used in) / from financing activities	(4,460)	4,620	(53)	4,406
Net (decrease)/ increase in cash and cash equivalents	(2,018)	(530)	138	(265)
Cash and cash equivalents at beginning of the financial period/year	2,049	213	303	572
Effect of exchange rate changes in cash and cash equivalents	430	620	20	(4)
Cash and cash equivalents at end of the financial period/year, representing cash and bank balances	461	303	461	303

D. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

Group - 4th 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 2021	**15,878**	**481,352**	**16,456**	**(1,090)**	**7,066**	**98**	**15,120**	**(406,490)**	**(13,351)**	**115,039**
Loss for the period	-	-	-	-	-	-	-	(2,927)	(3,332)	(6,259)
Currency translation differences arising from consolidation	-	-	-	5,120	-	-	-	-	(386)	4,734
Recognition of equity component of convertible bonds	-	-	-	-	-	-	5,498	-	-	5,498
Waiver of debts by a shareholder	-	-	-	-	-	-	-	522	-	522
Total comprehensive income/ (loss) for the period	-	-	-	5,120	-	-	5,498	(2,405)	(3,718)	4,495
Balance as at 30 June 2021	**15,878**	**481,352**	**16,456**	**4,030**	**7,066**	**98**	**20,618**	**(408,895)**	**(17,069)**	**119,534**

Group - 4th 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 31 March 2020	**14,311**	**473,003**	**16,456**	**(5,420)**	**6,454**	**98**	**15,120**	**(382,113)**	**72,427**	**210,336**
impact of adopting IFRS 16	-	-	-	-	-	-	-	(1,089)	(720)	(1,809)
Balance as at 1 April 2020	**14,311**	**473,003**	**16,456**	**(5,420)**	**6,454**	**98**	**15,120**	**(383,202)**	**71,707**	**208,527**
Loss for the period	-	-	-	-	-	-	-	(12,482)	(87,809)	(100,291)
Currency translation differences arising from consolidation	-	-	-	638	-	-	-	-	641	1,279
Total comprehensive income/ (loss) for the period	-	-	-	638	-	-	-	(12,482)	(87,168)	(99,012)
Transfer to statutory reserve, representing total contributions by and distributiuon to owners	-	-	-	-	612	-	-	(612)	-	-
Transactions with owners, recognised directly in equity	-	-	-	-	612	-	-	(612)	-	-
Balance as at 30 June 2020	**14,311**	**473,003**	**16,456**	**(4,782)**	**7,066**	**98**	**15,120**	**(396,296)**	**(15,461)**	**109,515**

Group - Full Year	Attributable to equity holders of the Company									
	Share Capital HK$'000	**Share Premium HK$'000**	**Contributed Surplus HK$'000**	**Translation Reserve HK$'000**	**Statutory Reserve HK$'000**	**Revaluation Reserve HK$'000**	**Other reserve HK$'000**	**Accum. Losses HK$'000**	**Non-Controlling Interest HK$'000**	**Total Equity HK$'000**
Balance as at 1 July 2020	**14,311**	**473,003**	**16,456**	**(4,782)**	**7,066**	**98**	**15,120**	**(396,296)**	**(15,461)**	**109,515**
Loss for the year	-	-	-	-	-	-	-	(13,121)	(4,895)	(18,016)
Currency translation differences arising from consolidation	-	-	-	8,812	-	-	-	-	3,287	12,099
Recognition of equity component of convertible bonds	-	-	-	-	-	-	5,498	-	-	5,498
Waiver of debts by a shareholder	-	-	-	-	-	-	-	522	-	522
Total comprehensive income/ (loss) for the year	-	-	-	8,812	-	-	5,498	(12,599)	(1,608)	103
Issuance of shares	1,567	8,349	-	-	-	-	-	-	-	9,916
Transactions with owners, recognised directly in equity	1,567	8,349	-	-	-	-	-	-	-	9,916
Balance as at 30 June 2021	**15,878**	**481,352**	**16,456**	**4,030**	**7,066**	**98**	**20,618**	**(408,895)**	**(17,069)**	**119,534**

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 30 June 2019	**14,311**	**473,003**	**16,456**	**(341)**	**6,454**	**98**	**15,120**	**(289,210)**	**73,242**	**309,133**
impact of adopting IFRS 16	-	-	-	-	-	-	-	(1,089)	(720)	(1,809)
Balance as at 1 July 2019	**14,311**	**473,003**	**16,456**	**(341)**	**6,454**	**98**	**15,120**	**(290,299)**	**72,522**	**307,324**
Loss for the year	-	-	-	-	-	-	-	(105,385)	(85,832)	(191,217)
Currency translation differences arising from consolidation	-	-	-	(4,441)	-	-	-	-	(2,151)	(6,592)
Total comprehensive loss for the year	-	-	-	(4,441)	-	-	-	(105,385)	(87,983)	(197,809)
Transfer to statutory reserve, representing total contributions by and distributiuon to owners	-	-	-	-	612	-	-	(612)	-	-
Transactions with owners, recognised directly in equity	-	-	-	-	612	-	-	(612)	-	-
Balance as at 30 June 2020	**14,311**	**473,003**	**16,456**	**(4,782)**	**7,066**	**98**	**15,120**	**(396,296)**	**(15,461)**	**109,515**

Company - 4th Quarter

	Attributable to equity holders of the Company					
	Share capital HK$'000	**Share premium HK$'000**	**Contributed surplus HK$'000**	**Other reserve HK$'000**	**Accumulated losses HK$'000**	**Total equity HK$'000**
2021						
Balance as at 1 April 2021	**15,878**	**481,352**	**16,456**	**-**	**(470,623)**	**43,063**
Recognition of equity component of convertible bonds	-	-	-	5,498	-	5,498
Waiver of debts by a shareholder	-	-	-	-	522	522
Loss for the period	-	-	-	-	(646)	(646)
Balance as at 30 June 2021	**15,878**	**481,352**	**16,456**	**5,498**	**(470,747)**	**48,437**
2020						
Balance as at 1 April 2020	**14,311**	**473,003**	**16,456**	**-**	**(354,928)**	**148,842**
Loss for the period	-	-	-	-	(113,600)	(113,600)
Balance as at 30 June 2020	**14,311**	**473,003**	**16,456**	**-**	**(468,528)**	**35,242**

Company - Full Year

	Attributable to equity holders of the Company					
	Share capital HK$'000	**Share premium HK$'000**	**Contributed surplus HK$'000**	**Other reserve HK$'000**	**Accumulated losses HK$'000**	**Total equity HK$'000**
2021						
Balance as at 1 July 2020	**14,311**	**473,003**	**16,456**	**-**	**(468,528)**	**35,242**
Issuance of shares	1,567	8,349	-	-	-	9,916
Recognition of equity component of convertible bonds	-	-	-	5,498	-	5,498
Waiver of debts by a shareholder	-	-	-	-	522	522
Loss for the year	-	-	-	-	(2,741)	(2,741)
Balance as at 30 June 2021	**15,878**	**481,352**	**16,456**	**5,498**	**(470,747)**	**48,437**
2020						
Balance as at 1 July 2019	**14,311**	**473,003**	**16,456**	**-**	**(351,351)**	**152,419**
Loss for the year	-	-	-	-	(117,177)	(117,177)
Balance as at 30 June 2020	**14,311**	**473,003**	**16,456**	**-**	**(468,528)**	**35,242**

E. NOTE TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. General information

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

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

Coronavirus (COVID-19) Impact

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

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

2. Basis of preparation

This condensed interim financial statements for the fourth quarter and full year ended 30 June 2021 have been prepared in accordance with *IAS 34 Interim Financial Reporting*. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last quarter financial statements for the period ended 31 March 2021.

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

Going concern

The Group incurred a net loss of HK$18,016,000 (FY2020: HK$191,217,000) for the financial year ended 30 June 2021, and as of that date, the Group was in net current liabilities of HK$20,200,000. As of 30 June 2021, the Group's cash and bank balances available for use amounted to HK$461,000 (30 June 2020: HK$303,000) while its current liabilities amounted to HK$51,412,000 (30 June 2020: HK$52,756,000).

As disclosed in Note 1, the Group's financial performance and collection from customers had also been adversely impacted by the COVID-19 pandemic. During the year, the Group has made an allowance for expected credit losses amounting to HK$5,337,000 (2020: HK$58,158,000) for its trade receivables and contract assets as disclosed in Note 6.

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, notwithstanding the net assets of approximately HK$119,534,000 (2020: HK$109,515,000) as at 30 June 2021.

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

a) The Group's key operating subsidiary in the PRC, Guiyang Zhongdian Gaoxin Digital Technologies Limited ("**Guiyang Tech**"), is able to continue as a going concern, given that management is confident that Guiyang Tech is able to enjoy rent-free period extension from landlord and continuous deferment of payments to its key suppliers, in particular, those providing bandwidth and utilities to the IDC business, to extend its credit terms and to defer payments by at least 12 months from the date of financial statements;

b) The Group can postpone the development projects including the Phase II development, the construction of a call centre, and certain software development projects, hence postponing the associated capital commitment of HK$121,770,000; and

c) The Group relies on the financial support from its controlling shareholder, Mr. Lam Cho Ying Terence Joe, to enable the Group to operate as a going concern and to meet its obligations as and when they fall due. The balance owing to him amounted to HK$23.6 million (including liability component of redeemable convertible bonds of HK$22.7 million and redeemable convertible bond interests of HK$0.9 million) as at 30 June 2021 (30 June 2020: Borrowings of HK$21.0 million).

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 the financial statements.

2.1 New and amended standards adopted by the Group

A number of amendments to IFRSs have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards. The adoption of the new and IFRS and IFRIC Interpretations that became effective for annual reporting periods beginning on or after 1 January 2020 is not expected to result in substantial changes to the Group's financial statements.

2.2 Use of estimates and judgements

In preparing the condensed full year financial statements for the fincial year ended 30 June 2021 ("**FY2021**"), management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2020 ("**FY2020**").

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

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

3 Seasonal operations

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

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 Executive Chairman (the chief operating decision maker) reviews internal management reports on a quarterly basis. The following summary describes the operation in the Group's reportable segments:

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

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

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

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

Business segments

3 months ended 30 June 2021

	Internet Data Centre Services	All other segments	Total
	HK$'000	HK$'000	HK$'000
Revenue from external parties	3,106	-	3,106
Segment loss	(6,920)	2,448	(4,472)
Finance costs			(1,787)
Loss before tax			(6,259)
Income tax			-
Loss for the financial year			(6,259)
Other segment items			
Capital expenditure	-	-	-
Depreciation of property, plant and equipment	1,594	-	1,594
Depreciation of right-of-use assets	601	-	601
Impairment loss of:			
- financial assets	5,337	-	5,337
Other income - waiver of liabilities	-	1,115	1,115

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

Business segments (continued)

3 months ended 30 June 2020

	Internet Data Centre Services	All other segments	Total
	HK$'000	HK$'000	HK$'000
Revenue from external parties	4,129	-	4,129
Segment loss	(95,984)	(2,367)	(98,351)
Finance costs			(5,893)
Loss before tax			(104,244)
Income tax credit			3,953
Loss for the financial year			(100,291)
Other segment items			
Capital expenditure	2,187	-	2,187
Depreciation of property, plant and equipment	2,163	-	2,163
Depreciation of right-of-use assets	2,572	-	2,572
Amortisation of intangible assets	(591)	-	(591)
Impairment loss of:			
- financial assets	58,158	-	58,158
- financial liabilities	38,844	-	38,844
Other income - waiver of liabilities	-	716	716

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

Business segments (continued)

FY2021

	Internet Data Centre Services	All other segments	Total
	HK$'000	HK$'000	HK$'000
Revenue from external parties	15,647	-	15,647
Segment loss	(10,830)	802	(10,028)
Finance costs			(7,988)
Loss before tax			(18,016)
Income tax			-
Loss for the financial year			(18,016)
Segment assets	256,531	5,676	262,207
Segment liabilities	117,248	25,425	142,673
Other segment items			
Capital expenditure	-	-	-
Depreciation of property, plant and equipment	5,732	-	5,732
Depreciation of right-of-use assets	2,451	-	2,451
Impairment loss of:			
- financial assets	5,337	-	5,337
Other income - waiver of liabilities	-	1,115	1,115

4. Segment and revenue information (continued)

Business segments (continued)

FY2020

	Internet Data Centre Services	All other segments	Total
	HK$'000	HK$'000	HK$'000
Revenue from external parties	33,253	-	33,253
Segment loss	(180,018)	(5,743)	(185,761)
Finance costs			(8,536)
Loss before tax			(194,297)
Income tax credit			3,080
Loss for the financial year			(191,217)
Segment assets	242,003	639	242,642
Segment liabilities	101,245	31,882	133,127
Other segment items			
Capital expenditure	11,849	-	11,849
Depreciation of property, plant and equipment	7,633	-	7,633
Depreciation of right-of-use assets	2,572	-	2,572
Amortisation of intangible assets	3,101	-	3,101
Impairment loss of:			
- financial assets	58,158	-	58,158
- financial liabilities	124,779	-	124,779
Other income - waiver of liabilities	-	716	716

Geographical information

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

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

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

4. Segment and revenue information (continued)

Breakdown of sales

	Group		
	FY2021 HK$'000 (Unaudited)	**FY2020 HK$'000 (Unaudited)**	**% Increase/ (Decrease)**
First half of the financial year			
(a) Revenue	9,724	22,775	(57.3)
(b) Operating loss after tax before deducting non-controlling interests	(6,609)	(2,823)	134.1
Second half of the financial year			
(a) Revenue	5,923	10,478	(43.5)
(b) Operating loss after tax before deducting non-controlling interests	(11,407)	(188,394)	(93.9)
Full year			
(a) Revenue	15,647	33,253	(52.9)
(b) Operating loss after tax before deducting non-controlling interests	(18,016)	(191,217)	(90.6)

5 Other income

	Three months ended		For the year ended	
	30 June 2021 HK$'000	30 June 2020 HK$'000	30 June 2021 HK$'000	30 June 2020 HK$'000
Government grants	-	11	53	11
Reversal of provision for warranty	866	-	866	-
Waiver of liabilities	1,115	716	1,115	716
Fair value gain on derivative financial instruments	1,958	-	1,958	-
Others	(1,807)	(266)	35	4
	2,132	461	4,027	731

6 Impairment losses

Impairment of financial assets amounting to HK$5.4 million for the three months and full year ended 30 June 2021 (three months and full year ended 30 June 2020: HK$58.2 million) represent the trade receivables and contract assets exposed to credit risk identified during the year based on Expected Credit Losses (ECL) model. The Group uses qualitative and quantitative information like historical credit loss experience, profile of customers and historical repayment trends and adjusted with forward-looking factors, to assess ECL for individual customers / counterparties.

Impairment of intangible assets represented impairment loss on goodwill amounting to HK$124,779,000 for FY2020. There were no such impairment in FY2021 as the intangible assets have been fully impaired in prior year.

7 Finance costs

	Three months ended		For the year ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	HK$'000	HK$'000	HK$'000	HK$'000
Interest expense on				
- Redeemable convertible bonds	1,246	543	2,035	1,195
- Loans	302	525	1,808	2,516
- Lease liabilities	239	4,825	4,145	4,825
	1,787	5,893	7,988	8,536

8 Loss before taxation

	Three months ended		For the year ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	HK$'000	HK$'000	HK$'000	HK$'000
Loss before taxation is stated after charging/(crediting):				
Directors' remuneration				
- directors of the Company	154	166	646	720
Directors' fees				
- directors of the Company	90	190	360	360
Audit fees				
- auditors of the Company	(19)	86	859	960
- other auditors	116	147	116	147

9 Income tax credit / expense

Major components of income tax (credit) / expense for the year ended were:

	Three months ended		For the year ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	HK$'000	HK$'000	HK$'000	HK$'000
Current income tax				
- current year	-	262	-	1,135
- under provision in the previous year	-	4,127	-	4,127
Deferred tax				
- current year	-	(8,342)	-	(8,342)
	-	(3,953)	-	(3,080)

10 Loss per Share

	Group			
	3 Months Ended 30 June 2021 (Unaudited)	**3 Months Ended 30 June 2020 (Unaudited)**	**Year Ended 30 June 2021 (Unaudited)**	**Year Ended 30 June 2020 (Audited)**
Loss attributable to equity holders of the Company (HK$'000)	(2,927)	(12,482)	(13,121)	(105,385)
Weighted average number of shares in issue	15,878,070,617	14,310,647,617	15,087,929,247	14,310,670,617
Loss per ordinary share (HK cents)				
- Based on weighted average number of ordinary shares in issue	**(0.018)**	**(0.087)**	**(0.087)**	**(0.736)**
- On a fully diluted basis	**(0.018)**	**(0.087)**	**(0.087)**	**(0.736)**

Note:
The Convertible Bond which will expire on 22 November 2022 (the date falling 2 years from the date of the subscription notice of the Convertible Bond being served), has no dilutive effect for the year ended 30 June 2021.

11 Related party information

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

	Three months ended		For the year ended	
	30 June 2021 HK$'000	30 June 2020 HK$'000	30 June 2021 HK$'000	30 June 2020 HK$'000
Revenue from a related party	-	-	-	5,869
Advances to a KMP	-	-	59	156
Net (repayment to)/ advances from directors, net	-	-	(1,156)	372
Net (repayment to)/ advances from related parties, net	-	-	(3,133)	3,068
Net (repayment to)/ advances from an associate	-	-	170	-
Waiver of key management personnel compensation	-	-	720	355
Key management personnel compensation				
Directors of the Company				
- Salary and related costs	54	166	728	720
- Contribution to defined contribution plans	-	-	18	18
- Directors' fee	90	190	360	360
Directors of subsidiaries				
- Salary and related costs	192	72	571	1,036
Other key management personnel				
- Salary and related costs	-	-	-	410
	336	428	1,677	2,544
Categories of total compensation				
- Short-term employment benefits	336	428	1,659	2,499
- Post-employment benefits	-	-	18	45
	336	428	1,677	2,544

12 Property, plant and equipment

There is no significant acquisition or disposal of property, plant and equipment during FY2021 (FY2020: acquired assets of HK$16.1 million).

13 Borrowings

	Interest rate	Due within 1 year	Due after 1 year but less than 5 years	Total
		HK$'000	HK$'000	HK$'000
Group				
As at 30 June 2021				
Loan 1 (Unsecured) - Fixed rate	7.20%	-	4,790	4,790
As at 30 June 2020				
Loan 1 (Unsecured) - Fixed rate	8.28%	4,914	-	4,914
Loan 2 (Unsecured) - Fixed rate	15.00%	-	10,887	10,887
Loan 3 (i) (Unsecured) - Fixed rate	15.00%	-	10,073	10,073
Loan 3 (ii) (Unsecured) - Fixed rate	12.00%	3,094	-	3,094
		8,008	20,960	28,968
Company				
As at 30 June 2021				
Nil				
As at 30 June 2020				
Loan 3 (ii) (Unsecured) - Fixed rate	12.00%	3,094	-	3,094

Loan 1

This loan is obtained by a subsidiary, Guiyang Tech, from a PRC bank to finance its working capital. The loan had been rolled over during the year.

Loan 2

The loan was due to a company controlled by a substantial shareholder of the Company ("**Shareholder A**"). The loan was unsecured and repayable on 30 November 2021. It had been fully repaid upon issue of redeemable convertible bond during the year (Note 11).

Loan 3

Loan 3(i) and 3(ii) are entered with the holders of the Bonds, of which Loan 3(i) is due to Shareholder A and Loan 3(ii) is due to another shareholder ("**Shareholder B**"). Both loans are unsecured, not convertible and repayable on 27 May 2020.

In March 2020, Shareholder A, the Company and a subsidiary, SinoCloud Group (HK) Limited ("**SGHK**"), have entered into a tripartite agreement to assign Loan 3(i) from the Company to SGHK and extended the repayment date to 30 November 2021 while other terms and conditions remain unchanged. Management has assessed and concluded that the effect of discounting is not material. Such loan had been fully repaid upon issue of redeemable convertible bond during the year (Note 13).

Loan 3(ii) was due on 27 May 2020 but the balance was fully repaid and settled in August 2020 without any penalty. Upon repayment in August 2020, Shareholder B has also granted the Company with a waiver of outstanding interests of the Bonds and Loan 3(ii) amounting to HK$245,000 and HK$277,000 respectively.

14 Liability Component of Redeemable Convertible Bonds

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

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

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

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

15 **Share Capital**

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

	Group and Company			
	Number of shares	**Amount (HK$'000)**	**Number of shares**	**Amount (HK$'000)**
As at 31 March 2021 and 30 June 2021	15,878,070,617	15,878	15,878,070,617	15,878

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

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

	As at 30 June 2021	**As at 30 June 2020**
Number of shares that may be issued on conversion of all outstanding convertibles	4,383,378,402[(1)]	-
Total number of issued shares (excluding treasury shares and subsidiary holdings)[(2)]	15,878,070,617[(3)]	14,310,670,617

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

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

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

(2) There were no treasury shares and subsidiary holdings as at 30 June 2020 and 30 June 2021.

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

16 Net Asset Value

	Group		Company	
	As at 30 June 2021 (Unaudited)	**As at 30 June 2020 (Audited)**	**As at 30 June 2021 (Unaudited)**	**As at 30 June 2020 (Audited)**
Net asset value (HK$)	119,534,000	109,515,000	48,437,000	35,242,000
Number of shares in issue	15,878,070,617	14,310,670,617	15,878,070,617	14,310,670,617
Net asset value per ordinary share (HK$)	0.0075	0.0077	0.0031	0.0025

17 Subsequent Events

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

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

1 Review

The condensed consolidated statement of financial position of the Company and its subsidiares (collectively, the "**Group**") as at 30 June 2021 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the three-month period and full year ended 30 June 2021 and certain explanatory notes have not been audited or reviewed.

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

The total number of issued shares excluding treasury shares as at 30 June 2021 was 15,878,070,617 (30 June 2020: 14,310,670,617). There were no treasury shares as at 30 June 2021 and 30 June 2020.

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

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

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

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

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

Not applicable. The latest audited financial statements of the Group for the financial year ended 30 June 2020 (which contained material uncertainty relating to going concern) are not subject to any adverse opinion, qualified opinion or disclaimer of opinion.

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 decreased by HK$1.0 million, from HK$4.1 million in the three months ended 30 June 2020 ("**3M FY2020**") to HK$3.1 million in the three months ended 30 June 2021 ("**3M FY2021**"). It decreased by HK$17.6 million, from HK$33.3 million in the full year ended 30 June 2021 ("**FY2020**") to HK$15.6 million in the full year ended 30 June 2021 ("**FY2021**"). The decrease in revenue was mainly due to decrease in customer demand and service fee reduction, largely attributable to the lockdown in China caused by the COVID-19 pandemic.

Other income

Other income of HK$2.1 million in the 3M FY2021 mainly relates to the fair value gain on derivative financial instruments, whereas the other income reported in the 3M FY2020 of HK$0.5 million was attributable to waiver of remuneration of HK$0.5 million accrued and unpaid to the directors of the Company, arising from cost saving measures implemented within the Group.

Other income of HK$4.0 million in FY2021 mainly comprised (i) fair value gain on derivative financial instruments of HK$2.0 million; (ii) waiver of liabilities of HK$1.1 million attributable to waiver of remuneration accrued and unpaid to the directors of the Company and management fee to other vendor, arising from cost saving measures implemented within the Group; and (iii) reversal of provision for warranty of HK$0.9 million due to expiry of service warranty period. Other income of HK$0.7 million in the FY2020 mainly related to waiver of remuneration accrued and unpaid to directors of the Company, arising from cost saving measures implemented within the Group.

Expenses

There are no amortisation charges of intangible assets reported in the 3M FY2021 and FY2021 (3M FY2020: HK$0.6 million, FY2020 : HK$3.1 million). The respective intangible assets arising from the Company's acquisition of SinoCloud 01 Limited since October 2015, had been fully amortised or impaired during FY2020. Impairment of intangible assets represented impairment loss on goodwill amounting to HK$124,779,000 in FY2020 (3M FY2021 and FY2021: Nil).

Depreciation of property, plant and equipment ("**PPE**") decreased by HK$0.6 million, from HK$2.2 million in the 3M FY2020 to HK$1.6 million in the 3M FY2021, and decreased by HK$1.9 million, from HK$7.6 million in FY2020 to HK$5.7 million in FY2021, as a result of the full depreciation of respective PPE.

Depreciation of right-of-use assets amounted to HK$0.6 million in the 3M FY2021 and HK$2.5 million in FY2021 (3M FY2020 and FY2020 : HK$2.6 million and HK$2.6 million respectively). The Company adopted IFRS 16 Leases (which became effective for annual reporting periods beginning on or after 1 January 2019) in the fourth quarter ended 30 June 2020. The decrease during FY2021 was due to reassessment of lease liabilities and right-of use assets during the year.

Impairment of financial assets of HK$5.3 million for 3M FY2021 and FY2021 represented the trade receivables and contract assets exposed to credit risk identified during the year based on Expected Credit Losses (ECL) model (3M FY2020 and FY2020: HK$58.2 million and HK$58.2 million respectively). The Group uses qualitative and quantitative information like historical credit loss experience, profile of customers and historical repayment trends and adjusted with forward-looking

factors, to assess ECL for individual customers / counterparties. The reduction in amount during the FY2021 was due to decrease in trade receivables and contract assets exposed to credit risk identified during the year.

Bandwidth fees decreased by HK$1.0 million, from HK$1.3 million in the 3M FY2020 to HK$0.3 million in the 3M FY2021, and decreased by HK$3.1 million, from HK$6.8 million in FY2020 to HK$3.7 million in FY2021, as a result of decrease in demand for the IDC services during the financial period.

In 3M FY2021, there was a write-back of employee benefits expenses of HK$0.1 million. This was mainly due to over-accrual of employee benefits. Employee benefits expenses decreased by HK$2.3 million to HK$2.2 million in FY2021, from HK$4.5 million in FY2020, mainly due to certain cost savings measures implemented within the Group.

The Group recorded operating lease expense of HK$0.05 million in 3M FY2021. This is opposed to an operating lease income of HK$2.6 million in 3M FY2020, which related to reversal of operating lease expenses recognized in first three quarters of FY2020 due to adoption of IFRS 16 with effect from financial year on or after 1 January 2019, where lease contract for the IDC of GYZD is accounted for under depreciation of right-of-use assets and interests on lease liabilities. Operating lease expenses of HK$0.2 million in FY2021 (FY2020: nil) relates to short-term lease expenses recognized during the year.

Other expenses, comprising primarily office overhead, legal and professional fee and utility service fee, increased by HK$1.3 million, from HK$1.8 million in 3M FY2020 to HK$3.1 million in 3M FY2021. It decreased by HK$0.4 million, from HK$11.6 million in FY2020 to HK$11.2 million in FY2021, mainly due to the decrease in utility service fee as well as office overhead.

Foreign exchange gain was HK$1.1 million in 3M FY2021 and HK$1.1 million in FY2021 (3MFY2020 and FY2020: foreign exchange loss of HK$0.6 million and HK$0.6 million respectively), mainly due to the appreciation of Renminbi ("**RMB**") against Hong Kong Dollar ("**HKD**") in FY2021.

Finance costs decreased by HK$4.1 million, from HK$5.9 million in the 3M FY2020 to HK$1.8 million in the 3M FY2021. It decreased by HK$0.5 million, from HK$8.5 million in FY2020 to HK$8.0 million in FY2021. The decrease was mainly due to restructuring of certain loans from a shareholder of the Company to redeemable convertible bonds, and a loan with bank with lower interest rates.

Income tax

There was no income tax reported in the 3M FY2021 and FY2021 as there was no assessable profit generated during the respective periods. Tax income credit amounted to HK$4.0 million in the 3M FY2020 and HK$3.1 million in FY2020, mainly due to net effect of current income tax and reversal of deferral tax.

Net loss after taxation

As a result of the aforesaid, the Group recorded a loss after tax of HK$6.3 million in the 3M FY2021 (3M FY2020: loss after tax of HK$100.3 million), and a loss after tax of HK$18.0 million in FY2021 (FY2020: loss after tax of HK$191.2 million).

(B) REVIEW OF FINANCIAL POSITION

Non-Current Assets

Non-current assets of the Group amounted to HK$231.0 million and HK$221.5 million as at 30 June 2021 and 30 June 2020 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 increased by HK$11.9 million, from HK$181.4 million as at 30 June 2020 to HK$193.2 million as at 30 June 2021. The increase was mainly due to translation gain of HK$17.6 million arising from appreciation of RMB against HKD, partially offset by depreciation charge of HK$5.7 million during FY2021.

(ii) Right-of-use assets

The net book value of right-of-use assets decreased by HK$2.4 million, from HK$32.0 million as at 30 June 2020 to HK$29.6 million as at 30 June 2021. The decrease was mainly due to depreciation charge of HK$2.5 million during FY2021.

(iii) Deferred tax assets

Deferred tax assets remained unchanged at HK$8.2 million as at 30 June 2021 and 30 June 2020. 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$10.1 million, from HK$21.1 million as at 30 June 2020 to HK$31.2 million as at 30 June 2021. Current assets comprised (i) trade and other receivables; (ii) derivative financial instrument; and (iii) cash and bank balances.

(i) Trade and other receivables

Trade and other receivables increased by HK$5.0 million, from HK$20.8 million as at 30 June 2020 to HK$25.8 million as at 30 June 2021. Trade and other receivables as at 30 June 2021 comprise trade receivables of HK$0.7 million, and other receivables and prepayment of HK$25.1 million.

Trade receivables increased by HK$0.2 million, from HK$0.5 million as at 30 June 2020 to HK$0.7 million as at 30 June 2021. The increase was mainly due to revenue generated by GYZD during FY2021 which remained uncollected as at 30 June 2021.

Other receivables and prepayment comprising mainly prepayment for software development for the IDC business, increased by HK$3.6 million, from HK$20.3 million as at 30 June 2020 to HK$25.1 million as at 30 June 2021, due to increase in prepaid expenses in the IDC business.

(ii) Derivative financial instrument

Derivative financial instrument of HK$4.9 million as at 30 June 2021 (30 June 2020: Nil) represented the Company's redemption option embedded into the issue of redeemable convertible bonds.

(iii) Cash and bank balances

Cash and bank balances increased by HK$0.2 million, from HK$0.3 million as at 30 June 2020 to HK$0.5 million as at 30 June 2021. Please refer to "Cashflows" for the movement in cash and cash equivalents.

Current Liabilities

Current liabilities decreased by HK$1.4 million, from HK$52.8 million as at 30 June 2020 to HK$51.4 million as at 30 June 2021, mainly due to the following:

(i) Trade and other payables

Trade and other payables increased by HK$4.6 million, from HK$36.1 million as at 30 June 2020 to HK$40.7 million as at 30 June 2021. Trade and other payables as at 30 June 2021 comprised (a) trade payables of HK$8.4 million; (b) accruals and other payables of HK$30.9 million; (c) amount due to directors of HK$0.1 million; (d) amount due to related parties of HK$0.1 million; and (e) redeemable convertible interest payable of HK$1.2 million.

(a) Trade payables increased by HK$0.8 million, from HK$7.6 million as at 30 June 2020 to HK$8.4 million as at 30 June 2021, due to foreign currency fluctuation.

(b) Accruals and other payables increased by HK$7.9 million, from HK$23.0 million as at 30 June 2020 to HK$30.9 million as at 30 June 2021, due to increase in other unpaid operating expenses in the current year end.

(c) Amount due to directors of the Company decreased by HK$1.1 million, from HK$1.2 million as at 30 June 2020 to HK$0.1 million as at 30 June 2021, as a result of settlement during the year.

(d) Amount due to related parties decreased by HK$4.2 million, from HK$4.3 million as at 30 June 2020 to HK$0.1 million as at 30 June 2021, as a result of the settlement during the year. Amount due to related parties is interest-free and repayable on demand.

(e) Redeemable convertible interest payable of HK$1.2 million as at 30 June 2021 (30 June 2020: Nil), related to unpaid coupon interest for redeemable convertible bonds issued during the year.

(i) Contract liabilities

Contract liabilities increased by HK$2.7 million, from HK$0.2 million as at 30 June 2020 to HK$2.9 million as at 30 June 2021, due to receipt of customer deposit for an IDC contract where the corresponding IDC service has yet to be fully performed as at 30 June 2021.

(ii) Provision for warranty

Provision for warranty decreased by HK$0.8 million, from HK$0.8 million as at 30 June 2020 to nil as at 30 June 2021, due to reversal as a result of expiry of warranty period.

(iii) Income tax payable

Income tax payable increased by HK$0.1 million, from HK$7.7 million as at 30 June 2020 to HK$7.8 million as at 30 June 2021, due to the effect of appreciation of RMB against HKD.

(iv) Borrowings

Borrowings decreased by HK$8.0 million, from HK$8.0 million as at 30 June 2020 to nil as at 30 June 2021. This was due to (a) the rollover of a loan of HK$4.8 million outstanding, with the repayment extended to over a year and was therefore classified under non-current liabilities, and (b) repayment of a loan of HK$3.1 million in full during the year.

Non-current Liabilities

Non-current liabilities increased by HK$10.9 million, from HK$80.4 million as at 30 June 2020 to HK$91.3 million as at 30 June 2021. Non-current liabilities comprised (i) trade and other payables; (ii) liability component of redeemable convertible bonds; (iii) borrowings; and (iv) lease liabilities.

(i) Trade and other payables

Trade and other payables of HK$2.4 million as at 30 June 2020 (30 June 2021: Nil) related to an interest-free advance provided by a director of the Company, which has been fully repaid as at 30 June 2021.

(ii) Liability component of redeemable convertible bonds

Liability component of redeemable convertible bonds of HK$22.7 million as at 30 June 2021 (30 June 2020: Nil) related to the Convertible Bond entered into by the Company with the Subscriber on 7 October 2020. In November 2020, the Subscriber subscribed for the full amount of the Convertible Bond of HK$31.06 million. Details of the terms and conditions was set out in the Company's announcement dated 11 October 2020.

During the year, the Company redeemed HK$7.0 million of the Convertible Bond from the Subscriber in order to reduce the interest payable to the Subscriber on the Convertible Bond. The outstanding principal amount of the Convertible Bond of HK$24.06 million will expire on 22 November 2022.

(iii) Borrowings

As described aforesaid under current liabilities, a portion of the bank borrowings amounting to HK$4.8 million, which is repayable after 12 months, is accounted for under non-current liabilities as at 30 June 2021. Borrowings of HK$21.0 million as at 30 June 2020 relate to borrowings provided by a shareholder of the Company. The Company had, on 7 October 2020, entered into the Convertible Bond Agreement with the Subscriber. On 23 November 2020, the Subscriber served a notice to the Company to subscribe for the Convertible Bond of an amount of HK$31,060,000, by discharging outstanding loan and unpaid interest owed by the Company to the Subscriber.

(iv) Lease liabilities

Lease liabilities increased by HK$6.8 million, from HK$57.0 million as at 30 June 2020 to HK$63.8 million as at 30 June 2021, due to effect of appreciation of RMB against HKD amounting to HK$2.7 million, as well as interests incurred during the year of HK$4.1 million.

Working Capital

Due to the changes in current assets and current liabilities as described above, the Group reported a negative working capital of HK$20.2 million as at 30 June 2021 (30 June 2020: HK$31.7 million). The board of directors of the Company is of the view that the Group's current liabilities included amounts of HK$35.6 million (accounting for 69% of total current liabilities) which the Company does not expect to be made payable by the Group within the next 12 months. The reasons are set out below:

(a) Under trade and other payables

(i) Accruals for bandwidth and energy saving service for IDC operations in the PRC of HK$15.5 million. GYZD has yet to receive the supplier invoice for the aforesaid service and the management expects that the payment for such service fee can be extended by the service provider.

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

(iii) Interest payable for loan and convertible bond issued to controlling shareholder of the Company (being Mr. Lam Cho Ying Terence Joe ("**Mr. Lam**")) amounting to HK$1.2 million. The management had negotiated with Mr. Lam on extension for payment of such interest payable, and expects to receive continued financial support from Mr. Lam.

(b) Contract liabilities of HK$2.9 million relate to advance payment received by GYZD in respect of a government contract secured by GYZD. The amount will be recorded as revenue once the performance of contract is completed.

(c) Income tax payable of HK$7.8 million arose from IFRS adjustment against PRC GAAP (as the accounts of GYZD have been prepared based on PRC GAAP). No such tax is required to be settled as GYZD is loss making (based on accounts of GYZD prepared based on PRC GAAP) in 2020.

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

(C) CASH FLOWS

(a) 3M FY2021

Net cash from operating activities in the 3M FY2021 amounted to HK$2.4 million. This was mainly due to (i) decrease in trade and other receivables of HK$1.9 million; (ii) increase in trade and other payables of HK$4.5 million; (iii) decrease in contract assets of HK$1.2 million, partially offset by (iv) decrease in contract liabilities of HK$2.9 million; and (v) interest paid of HK$1.3 million.

There was no net cash from or used in investing activities in the 3M FY2021.

Net cash used in financing activities amounted to HK$4.5 million in the 3M FY2021, mainly due to (i) repayment to a related party of HK$3.1 million; and (ii) repayment to a shareholder of HK$3.2 million, partially offset by (i) advance from a director of HK$1.2 million; and (ii) repayment of loan borrowing from a financial institution of HK$0.6 million.

As a result, the Group's cash and cash equivalents decreased from HK$2.0 million as at 31 March 2021 to HK$0.5 million as at 30 June 2021.

(b) FY2021

Net cash from operating activities in FY2021 amounted to HK$0.2 million. This was mainly due to (i) increase in trade and other payables of HK$5.4 million; (ii) increase in contract liabilities of HK$1.8 million, partially offset by (iii) operating loss before changes in working capital of HK$0.5 million; (iv) increase in trade and other receivables of HK$2.4 million; (v) increase in contract assets of HK$2.4 million; and (vi) interest paid of HK$1.8 million.

There was no net cash from or used in investing activities in FY2021.

Net cash used in financing activities amounted to HK$0.05 million in FY2021, mainly due to (i) net proceeds from placement of HK$9.9 million; (ii) proceeds from redeemable convertible bonds of HK$5.0 million, partially offset by (iii) repayment to a director of the Company of HK$1.2 million; (iv) repayment to a related party of HK$3.1 million; (v) partial redemption of Convertible Bond amounting to HK$7.0 million; and (vi) repayment to a shareholder of HK$3.7 million.

As a result, the Group's cash and cash equivalents increased from HK$0.3 million as at 30 June 2020 to HK$0.5 million as at 30 June 2021.

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

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

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

The Group derives its revenue primarily from its principal subsidiary, Guiyang Zhongdian Gaoxin Digital Technologies Limited ("**Guiyang Tech**"). As announced by the Company previously, Guiyang Tech is in the process of expanding its capacity of hosting 1,500 racks in addition to 660 racks currently. Due to changes in Guiyang Tech's end-users requirements which are further impacted by the COVID-19 pandemic, such expansion will be divided into phases. The milestone construction schedule shall be tied to its target capacity requirement as well as commissioning schedule, where the burden on capital expenditure is minimised.

The COVID-19 pandemic created substantial adverse impact on global economy, and brought on unprecedented challenges to the Group, including its Internet Data Centre ("**IDC**") business in the People's Republic of China ("**PRC**"). A downward trend of service fees as well as customer demand continues resulting in the decrease in revenue reported. Notwithstanding the foregoing, numerous new orders which have been secured during the past few months, will enable Guiyang Tech to partially fill up rack capacity.

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

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

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

Please refer to aforesaid section 8 for details.

10. Dividend

If a decision regarding dividend has been made :-

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

None.

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

Nil (FY2020: 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 FY2021 as the Group is loss making for FY2021.

12. 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.

13. 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 4th quarter and full year financial statements for the year ended 30 June 2021 to be false or misleading in any material aspect.

14. 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.

15. 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	26	Son of Lam Cho Ying Terence Joe, the controlling shareholder of the Company	Executive Director and Chief Operating Officer Responsible for overseeing the Group's operating activities as well as to assist the Executive Chairman of the Company in the overall strategic planning and investment strategies of the Group.	Joined the Group as Business Development Manager in April 2021. Responsible for new business development of the Group. Redesignated as Executive Director and Chief Operating Officer on 12 August 2021.

16. Use of Proceeds

On 11 January 2021, the Company allotted and issued an aggregate of 1,567,400,000 new shares of the Company pursuant to the Placement, and raised net proceeds of S$1,703,448 (approximately HK$9.88 million) ("**Net Proceeds**"). The Company had reallocated the Net Proceeds originally allocated for general corporate and administrative purposes. Please refer to the Company's announcements dated 10 March 2021 and 9 May 2021, for further information.

The board of directors ("**Board**") has decided to further reallocate HK$0.2 million of the Net Proceeds originally allocated for repayment of interest payable for the Convertible Bond, to be utilised for general corporate and administrative purposes (the "**Revised Allocation**"). The Board is of the view that the Revised Allocation in the best interests of the Company and Shareholders as the Revised Allocation will enable the Group to reduce its liabilities.

Subsequent to the Revised Allocation and use of proceeds as of the date of this announcement, the Net Proceeds have been fully utilised as follows:

Use of Net Proceeds	**Allocation of Net Proceeds (as disclosed in the Company's announcement dated 9 May 2021) (HK$'000)**	**Balance of Net Proceeds (as disclosed in the Company's announcement dated 11 May 2021) (HK$'000)**	**Adjustments due to Revised Allocation (HK$'000)**	**Amount utilised from 9 May 2021 to the date of this announcement (HK$'000)**	**Balance of Net Proceeds as at the date of this announcement (HK$'000)**
Repayment of debt and outstanding interests in respect of the Convertible Bond	7,600	200	(200)	-	-
General corporate and administrative purposes	2,280	545	200	(745)[(1)]	-
Total	**9,880**	**745**	**-**	**(745)**	**-**

Note:

(1) The breakdown of the use of the Net Proceeds for general corporate and administrative purposes of the Group is as follows:

	HK$'000
Professional and listing fees	438
Employee benefit expenses	239
Office rental and overhead	68
Total	745

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

The Company did not acquire or dispose shares in an entity (including struck off of entity) which will result in that entity in becoming or ceasing to be, a subsidiary of the Company, or result in a change in the Company's shareholding percentage in subsidiary during FY2021.

BY ORDER OF THE BOARD

Chan Andrew Wai Men
Executive Chairman

Lam Chun Hei, Justin
Executive Director and
Chief Operating Officer

28 August 2021