

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

MATERIAL VARIANCES BETWEEN UNAUDITED AND AUDITED FULL YEAR FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

The board of directors (the “**Board**”) of SinoCloud Group Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the Company’s announcement on 29 August 2022 relating to its unaudited financial results for the financial year ended 30 June 2022 (“**FY2022**”) (the “**Unaudited Financial Statements**”). Further reference is made to the audited financial statements of the Company for FY2022 (the “**Audited Financial Statements**”) and the report thereon by the Company’s independent auditor included in the Company’s annual report for FY2022 which will be released on the SGXNet and the Company’s corporate website on 29 November 2022.

Pursuant to Rule 704(5) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited, the Board wishes to highlight that subsequent to the release of the Unaudited Financial Statements, the Company’s independent auditor has proposed certain adjustments which the management of the Company has adopted accordingly in respect of the statements of financial position, consolidated statement of comprehensive income, and consolidated statement of cash flows in the Audited Financial Statements. Details and explanation of the material variances between the Unaudited Financial Statements and the Audited Financial Statements are set out in the appendix appended to this announcement.

Shareholders of the Company are advised to read this announcement in conjunction with the Audited Financial Statements in the Company’s annual report for FY2022.

BY ORDER OF THE BOARD

Chan Andrew Wai Men
Executive Chairman
29 November 2022

*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 Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual Section B: Rules of Catalist.*

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

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

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

	The Group		Variance	Note	The Company		Variance	Note
	(Audited)	(Unaudited)			(Audited)	(Unaudited)		
ASSETS								
Non-current assets								
Property, plant and equipment	47,080	23,711	23,369	(1)	-	-	-	
Right-of-use assets	17,664	26,625	(8,961)	(2)	-	-	-	
Investment in subsidiaries	-	-	-		57,112	57,112	-	
Deferred tax assets	11,966	11,966	-		-	-	-	
	<u>76,710</u>	<u>62,302</u>	<u>14,408</u>		<u>57,112</u>	<u>57,112</u>	<u>-</u>	
Current assets								
Trade and other receivables	9,152	7,346	1,806	(3),(4),(5),(6)	81	81	-	
Derivative asset	1,733	1,733	-		1,733	1,733	-	
Cash and bank balances	150	150	-		-	-	-	
	<u>11,035</u>	<u>9,229</u>	<u>1,806</u>		<u>1,814</u>	<u>1,814</u>	<u>-</u>	
TOTAL ASSETS	<u>87,745</u>	<u>71,531</u>	<u>16,214</u>		<u>58,926</u>	<u>58,926</u>	<u>-</u>	
LIABILITIES								
Current liabilities								
Trade and other payables	30,306	27,643	2,663	(3),(5),(6)	6,924	6,924	-	
Contract Liabilities	584	584	-		-	-	-	
Borrowings	4,671	4,671	-		-	-	-	
Redeemable convertible bond	23,638	23,638	-		23,638	23,638	-	
Income tax payable	8,413	8,413	-		-	-	-	
	<u>67,612</u>	<u>64,949</u>	<u>2,663</u>		<u>30,562</u>	<u>30,562</u>	<u>-</u>	
Non-current liabilities								
Borrowings	4,584	4,584	-		-	-	-	
Redeemable convertible bond	-	-	-		-	-	-	
Lease liabilities	56,768	65,729	(8,961)	(2)	-	-	-	
	<u>61,352</u>	<u>70,313</u>	<u>(8,961)</u>		<u>-</u>	<u>-</u>	<u>-</u>	
TOTAL LIABILITIES	<u>128,964</u>	<u>135,262</u>	<u>(6,298)</u>		<u>30,562</u>	<u>30,562</u>	<u>-</u>	
NET ASSETS	<u>(41,219)</u>	<u>(63,731)</u>	<u>22,512</u>		<u>28,364</u>	<u>28,364</u>	<u>-</u>	
EQUITY								
Capital and reserves attributable to equity								
Share capital	15,878	15,878	-		15,878	15,878	-	
Share premium	481,352	481,352	-		481,352	481,352	-	
Contributed surplus	16,456	16,456	-		16,456	16,456	-	
Translation reserve	5,488	7,359	(1,871)	(1),(4),(5)	-	-	-	
Statutory reserve	7,066	7,066	-		-	-	-	
Revaluation reserve	98	98	-		-	-	-	
Other reserve	22,384	22,384	-		7,264	7,264	-	
Accumulated losses	(512,811)	(529,967)	17,156	(1),(4),(5)	(492,586)	(492,586)	-	
	<u>35,911</u>	<u>20,626</u>	<u>15,285</u>		<u>28,364</u>	<u>28,364</u>	<u>-</u>	
Non-controlling interests	<u>(77,130)</u>	<u>(84,357)</u>	<u>7,227</u>	(1),(4),(5)	<u>-</u>	<u>-</u>	<u>-</u>	
TOTAL EQUITY	<u>(41,219)</u>	<u>(63,731)</u>	<u>22,512</u>		<u>28,364</u>	<u>28,364</u>	<u>-</u>	

Notes:

- (1) Adjustment for salvage value of the Expansion Project (as defined in the Unaudited Financial Statements) as determined by the independent valuer.
- (2) Adjustment for lease reassessment upon confirmation letter received from landlord.
- (3) Reclassification of related party balance from other payables to other receivables.
- (4) Adjustment for reversal of impairment loss on trade receivables upon debt recovery.
- (5) Adjustment for underprovision of expenses charged to statement of profit or loss.

SINOCLOUD GROUP LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2022
(Expressed in Hong Kong thousand dollars)

	The Group		Variance	Note
	(Audited)	(Unaudited)		
Revenue	13,445	13,445	-	
Depreciation of property, plant and equipment	(5,556)	(5,137)	(419)	(1)
Depreciation of right-of-use assets	(2,289)	(2,289)	-	
Reversal of financial assets	353	9,048	(8,695)	(2)
Impairment loss on property, plant and equipment	(140,936)	(165,048)	24,112	(3)
Impairment loss on prepayment	(20,665)	(20,665)	-	
Fair value loss on derivative asset	(3,200)	(3,201)	1	
Bandwidth fees	(1,788)	(1,837)	49	(5)
Employee benefits expenses	(3,927)	(3,801)	(126)	(6)
Other income	14,726	5,262	9,464	(2),(4)
Other expenses	(8,457)	(8,290)	(167)	(1),(7)
Foreign exchange loss	(377)	(61)	(316)	(8)
Finance costs	(7,702)	(7,702)	-	
Loss before tax	(166,373)	(190,276)		
Income tax	-	-	-	
Loss for the financial year	(166,373)	(190,276)		
Other comprehensive income				
<i>Items that may be reclassified subsequently to profit or loss</i>				
- Currency translation differences arising from consolidation	2,730	4,121	(1,391)	(4),(5),(6),(7),(8)
Other comprehensive income / (loss) for the financial year	2,730	4,121		
Total comprehensive loss for the financial year	(163,643)	(186,155)		
Loss attributable to:				
Equity holders of the Company	(103,759)	(120,915)	17,156	(4),(5),(6),(7),(8)
Non-controlling interests	(62,614)	(69,361)	6,747	(4),(5),(6),(7),(8)
	(166,373)	(190,276)	23,903	
Total comprehensive loss attributable to:				
Equity holders of the Company	(102,514)	(117,799)	15,285	(4),(5),(6),(7),(8)
Non-controlling interests	(61,129)	(68,356)	7,227	(4),(5),(6),(7),(8)
	(163,643)	(186,155)	22,512	

Notes:

- (1) Reclassification of expenses from other expenses.
- (2) Reclassification of reversal of prepayment into other income.
- (3) Adjustment for salvage value of the Expansion Project (as defined in the Unaudited Financial Statements) as determined by the independent valuer.
- (4) Adjustment for reversal of impairment loss on trade receivables and recognition of other income upon debt recovery.
- (5) Adjustment for additional amortisation of internet service fee from prepayment, which was inadvertently omitted.
- (6) Adjustment for underprovision of bonus for the financial year ended 30 June 2021, which was inadvertently omitted.
- (7) Adjustment for bad debt written off, which was inadvertently omitted.
- (8) Adjustment for foreign exchange, which was inadvertently omitted.

SINO CLOUD GROUP LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2022
(Expressed in Hong Kong thousand dollars)

	The Group		Variance	Note
	(Audited)	(Unaudited)		
Cash flows from operating activities	(166,373)	(190,276)	23,903	
Loss before tax				
<i>Adjustments:</i>				
Depreciation of property, plant and equipment	5,556	5,137	419	(1)
Depreciation of right-of-use assets	2,289	2,289	-	
Bad debt written off	359	-	359	(2)
Waiver of liabilities	(5,813)	(5,262)	(551)	(3)
Reversal for impairment of financial assets and contract assets	(353)	(9,048)	8,695	(3),(4)
Reversal for impairment of prepayment	(8,898)	-	(8,898)	(4)
Impairment loss on property, plant and equipment	140,936	165,048	(24,112)	(5)
Impairment loss of prepayment	20,665	20,665	-	
Fair value loss on derivative asset	3,200	3,201	(1)	
Interest expenses	7,702	7,702	-	
Operating profit before working capital changes	(730)	(544)		
Trade and other receivables	3,135	(3,687)	6,822	(6)
Trade and other payables	(4,478)	7,527	(12,005)	(6),(7)
Contract liabilities	(2,129)	(2,301)	172	(6)
Cash generated from operations	(4,202)	995		
Interest paid	(1,977)	(1,717)	(260)	(7)
Net cash (used in) / from operating activities	(6,179)	(722)		
Cash flows from investing activities				
Payments to purchase property, plant and equipment	(748)	(447)	(301)	(8)
Net cash used in investing activities	(748)	(447)		
Cash flows from financing activities				
Proceeds from borrowings	4,584	4,584	-	
Advances from directors, net	249	-	249	(9)
Advances from a related party, net	1,787	(4,438)	6,225	(10)
Net cash from financing activities	6,620	146		
Net decrease in cash and bank balances	(307)	(1,023)	716	
Cash and cash equivalents at beginning of the financial year	461	461	-	
Effect of exchange rate changes in cash and cash equivalents	(4)	712	(716)	(6)
Cash and cash equivalents at end of the year	150	150		

Notes:

- (1) Reclassification of expenses from other expenses.
- (2) Adjustment for bad debt written off, which was inadvertently omitted.
- (3) Adjustment for reversal of impairment loss on trade receivables and recognition of other income upon debt recovery.
- (4) Reclassification of reversal of prepayment into other income.
- (5) Adjustment for salvage value of the Expansion Project (as defined in the Unaudited Financial Statements) as determined by the independent valuer.
- (6) Adjustment to reflect foreign exchange differences arising from consolidation.
- (7) Adjustment for additional interest paid, which was inadvertently omitted.
- (8) Adjustment to payments to purchase property, plant and equipment, which was inadvertently omitted.
- (9) Adjustment to advances from directors, which was inadvertently omitted.
- (10) Adjustment to advances from related party arising from different classification.