

**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 2023**

*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 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 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 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.*

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

**SINOCLOUD GROUP LIMITED**  
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**AND OTHER COMPREHENSIVE INCOME**  
**FOR THE PERIOD ENDED 30 JUNE 2023**  
**(Expressed in Hong Kong thousand dollars)**

	Note	Three Months Ended			Year Ended		
		30.06.2023 (Unaudited)	30.06.2022 (Unaudited)	% + / (-)	30.06.2023 (Unaudited)	30.06.2022 Audited	% + / (-)
<b>Revenue</b>	<b>4</b>	1,189	3,178	(63)	7,336	13,445	(45)
Depreciation of property, plant and equipment		(658)	(1,449)	(55)	(2,868)	(5,556)	(48)
Depreciation of right-of-use assets		(348)	(558)	(38)	(1,408)	(2,289)	(38)
Reversal/(impairment loss) of:							
- financial assets and contract assets	<b>6</b>	197	129	53	326	353	(8)
- property, plant and equipment	<b>6</b>	(941)	(140,936)	(99)	(941)	(140,936)	(99)
- prepayment	<b>6</b>	-	(20,665)	(100)	-	(20,665)	(100)
Fair value remeasurement on convertible bonds		884	-	N.M.	884	-	N.M.
Fair value loss on derivative asset		(776)	(3,200)	(76)	(776)	(3,200)	(76)
Bandwidth fees		(177)	(29)	510	(374)	(1,788)	(79)
Employee benefits expenses		(613)	(1,097)	(44)	(2,486)	(3,927)	(37)
Other income	<b>5</b>	(3)	5,828	(100)	243	14,726	(98)
Other expenses		(3,954)	(1,803)	>100	(11,608)	(8,457)	37
Foreign exchange gain/(loss)		40	(367)	N.M.	(6)	(377)	(98)
Finance costs	<b>7</b>	(1,266)	(1,967)	(36)	(5,908)	(7,702)	(23)
<b>Loss before taxation</b>	<b>8</b>	(6,426)	(162,936)	(96)	(17,586)	(166,373)	(89)
Income tax expense		-	-	-	-	-	-
<b>Loss for the financial period</b>		(6,426)	(162,936)	(96)	(17,586)	(166,373)	(89)
<b>Other comprehensive (expense)/income:</b>							
- Currency translation differences arising from consolidation		(204)	177	N.M.	1,626	2,730	(40)
Other comprehensive (expense)/income for the financial period, net of tax		(204)	177	N.M.	1,626	2,730	(40)
<b>Total comprehensive expense for the financial period</b>		(6,630)	(162,759)	(96)	(15,960)	(163,643)	(90)
<b>Loss attributable to:</b>							
- Owners of the Company		(3,077)	(98,000)	(97)	(13,199)	(103,759)	(87)
- Non-controlling interests		(3,349)	(64,936)	(95)	(4,387)	(62,614)	(93)
		(6,426)	(162,936)	(96)	(17,586)	(166,373)	(89)
<b>Total comprehensive expense attributable to:</b>							
- Owners of the Company		(1,531)	(98,141)	(98)	(10,140)	(102,514)	(90)
- Non-controlling interests		(5,099)	(64,618)	(92)	(5,820)	(61,129)	(90)
		(6,630)	(162,759)	(96)	(15,960)	(163,643)	(90)
<b>Loss per share attributable to the owners of the Company</b>							
Basic (HK cents)	<b>9</b>	(1.75)	(61.72)	(97)	(8.10)	(65.35)	(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 2023**

(Expressed in Hong Kong thousand dollars)

	Note	The Group		The Company	
		As at	As at	As at	As at
		30.06.2023	30.06.2022	30.06.2023	30.6.2022
		(Unaudited)	(Audited)	(Unaudited)	(Audited)
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	11	39,920	47,080	-	-
Right-of-use assets		14,952	17,664	-	-
Investment in subsidiaries		-	-	57,112	57,112
Deferred tax assets		11,966	11,966	-	-
		66,838	76,710	57,112	57,112
<b>Current assets</b>					
Trade and other receivables		7,770	9,152	187	81
Derivative asset		957	1,733	957	1,733
Cash and bank balances		1,387	150	4	-
		10,114	11,035	1,148	1,814
<b>TOTAL ASSETS</b>		76,952	87,745	58,260	58,926
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade and other payables		32,722	30,306	6,722	6,924
Contract liabilities		108	584	-	-
Borrowings	12	7,801	4,671	-	-
Redeemable convertible bond	13	15,178	23,638	15,178	23,638
Income tax payable		8,327	8,413	-	-
		64,136	67,612	21,900	30,562
<b>Non-current liabilities</b>					
Borrowings	12	-	4,584	-	-
Lease liabilities		56,298	56,768	-	-
		56,298	61,352	-	-
<b>TOTAL LIABILITIES</b>		120,434	128,964	21,900	30,562
<b>NET (LIABILITIES) / ASSETS</b>		(43,482)	(41,219)	36,360	28,364
<b>EQUITY</b>					
<b>Capital and reserves attributable to equity holders of the Company</b>					
Share capital	14	21,059	15,878	21,059	15,878
Share premium		489,868	481,352	489,868	481,352
Contributed surplus		16,456	16,456	16,456	16,456
Translation reserve		8,547	5,488	-	-
Statutory reserve		7,066	7,066	-	-
Revaluation reserve		98	98	-	-
Other reserve		22,384	22,384	7,264	7,264
Accumulated losses		(526,010)	(512,811)	(498,287)	(492,586)
		39,468	35,911	36,360	28,364
<b>Non-controlling interest</b>		(82,950)	(77,130)	-	-
<b>TOTAL EQUITY</b>		(43,482)	(41,219)	36,360	28,364

## C. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

**SINOCLOUD GROUP LIMITED**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD ENDED 30 JUNE 2023**  
(Expressed in Hong Kong thousand dollars)

	<u>Three Months Ended</u>		<u>Year Ended</u>	
	<u>30.06.2023</u> (Unaudited)	<u>30.06.2022</u> (Unaudited)	<u>30.06.2023</u> (Unaudited)	<u>30.06.2022</u> (Audited)
<b>Cash flow from operating activities</b>				
Loss before tax	(6,426)	(162,936)	(17,586)	(166,373)
<i>Adjustments:</i>				
Depreciation of property, plant and equipment	658	1,449	2,868	5,556
Depreciation of right-of-use assets	348	558	1,408	2,289
Bad debt written off	-	359	-	359
Waiver of liabilities	-	(5,813)	-	(5,813)
Reversal for impairment of financial assets and contract assets	(197)	(129)	(326)	(353)
Reversal for impairment of prepayment	-	-	-	(8,898)
Impairment loss of property, plant and equipment	941	140,936	941	140,936
Impairment loss of prepayment	-	20,665	-	20,665
Fair value remeasurement on convertible bonds	(884)	-	(884)	-
Fair value loss on derivative asset	776	3,200	776	3,200
Interest expense	1,266	1,967	5,908	7,702
Operating (loss)/profit before working capital changes	(3,518)	256	(6,895)	(730)
Trade and other receivables	1,140	2,783	2,359	3,135
Trade and other payables	5,274	(5,107)	1,648	(4,478)
Contract liabilities	(87)	(806)	(476)	(2,129)
Cash used in operations	2,809	(2,874)	(3,364)	(4,202)
Interest paid	(109)	(260)	(862)	(1,977)
<b>Net cash from/(used in) operating activities</b>	<u>2,700</u>	<u>(3,134)</u>	<u>(4,226)</u>	<u>(6,179)</u>
<b>Cash flow from investing activities</b>				
Payments to purchase property, plant and equipment	(123)	(301)	(123)	(748)
<b>Net cash used in investing activities</b>	<u>(123)</u>	<u>(301)</u>	<u>(123)</u>	<u>(748)</u>
<b>Cash flow from financing activities</b>				
Issuance of ordinary shares, net of issue costs	3,278	-	3,278	-
(Repayments to)/Advances from related parties, net	(5,056)	2,715	(1,794)	1,787
Advances from directors, net	556	249	556	249
Repayment of borrowings	(888)	-	(888)	-
Proceeds from borrowings	130	528	1,853	4,584
<b>Net cash (used in)/from financing activities</b>	<u>(1,980)</u>	<u>3,492</u>	<u>3,005</u>	<u>6,620</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	597	57	(1,344)	(307)
Cash and cash equivalents at beginning of the financial period/year	538	40	150	461
Effect of exchange rate changes in cash and cash equivalents	252	53	2,581	(4)
<b>Cash and cash equivalents at end of the financial period/year, representing cash and bank balances</b>	<u>1,387</u>	<u>150</u>	<u>1,387</u>	<u>150</u>

## D. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

FY2023

Group - Fourth Quarter

	Attributable to equity holders of the Company								Non-Controlling Interest	Total Equity
	Share Capital	Share Premium	Contributed Surplus	Translation Reserve	Statutory Reserve	Revaluation Reserve	Other reserve	Accumulated Losses		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	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 period	-	-	-	-	-	-	-	(3,077)	(3,349)	(6,426)
Currency translation differences arising from consolidation	-	-	-	1,546	-	-	-	-	(1,750)	(204)
<b>Total comprehensive income / (loss) for the period</b>	-	-	-	1,546	-	-	-	(3,077)	(5,099)	(6,630)
Issuance of ordinary shares, net of issue costs	5,181	8,516	-	-	-	-	-	-	-	13,697
<b>Total contributions by and distributions to owners</b>	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>8,547</u>	<u>7,066</u>	<u>98</u>	<u>22,384</u>	<u>(526,010)</u>	<u>(82,950)</u>	<u>(43,482)</u>

FY2022

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	Accumulated Losses HK\$'000	Non- Controlling Interest HK\$'000	Total Equity HK\$'000
<b>Balance as at 1 April 2022</b>	<u>15,878</u>	<u>481,352</u>	<u>16,456</u>	<u>5,629</u>	<u>7,066</u>	<u>98</u>	<u>22,384</u>	<u>(414,811)</u>	<u>(12,512)</u>	<u>121,540</u>
Loss for the period	-	-	-	-	-	-	-	(98,000)	(64,936)	(162,936)
Currency translation differences arising from consolidation	-	-	-	(141)	-	-	-	-	318	177
<b>Total comprehensive expense for the period</b>	-	-	-	(141)	-	-	-	(98,000)	(64,618)	(162,759)
<b>Balance as at 30 June 2022</b>	<u>15,878</u>	<u>481,352</u>	<u>16,456</u>	<u>5,488</u>	<u>7,066</u>	<u>98</u>	<u>22,384</u>	<u>(512,811)</u>	<u>(77,130)</u>	<u>(41,219)</u>

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
<b>Balance as at 1 July 2022</b>	<b>15,878</b>	<b>481,352</b>	<b>16,456</b>	<b>5,488</b>	<b>7,066</b>	<b>98</b>	<b>22,384</b>	<b>(512,811)</b>	<b>(77,130)</b>	<b>(41,219)</b>
Loss for the year	-	-	-	-	-	-	-	(13,199)	(4,387)	(17,586)
Currency translation differences arising from consolidation	-	-	-	3,059	-	-	-	-	(1,433)	1,626
Total comprehensive income / (loss) for the year	-	-	-	3,059	-	-	-	(13,199)	(5,820)	(15,960)
Issuance of ordinary shares, net of issue costs	5,181	8,516	-	-	-	-	-	-	-	13,697
<b>Total contributions by and distributions to owners</b>	<b>5,181</b>	<b>8,516</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,697</b>
<b>Balance as at 30 June 2023</b>	<b><u>21,059</u></b>	<b><u>489,868</u></b>	<b><u>16,456</u></b>	<b><u>8,547</u></b>	<b><u>7,066</u></b>	<b><u>98</u></b>	<b><u>22,384</u></b>	<b><u>(526,010)</u></b>	<b><u>(82,950)</u></b>	<b><u>(43,482)</u></b>



Group - Full Year

Attributable to equity holders of the Company

	Share Capital HK\$'000	Share Premium HK\$'000	Contributed Surplus HK\$'000	Translation Reserve HK\$'000	Statutory Reserve HK\$'000	Revaluation Reserve HK\$'000	Other reserve HK\$'000	Accum. Losses HK\$'000	Non- Controlling Interest HK\$'000	Total Equity HK\$'000
Balance as at 1 July 2021	15,878	481,352	16,456	4,243	7,066	98	22,384	(409,052)	(16,001)	122,424
Loss for the year	-	-	-	-	-	-	-	(103,759)	(62,614)	(166,373)
Currency translation differences arising from consolidation	-	-	-	1,245	-	-	-	-	1,485	2,730
<b>Total comprehensive income/ (expense) for the year</b>	-	-	-	1,245	-	-	-	(103,759)	(61,129)	(163,643)
Balance as at 30 June 2022	<u>15,878</u>	<u>481,352</u>	<u>16,456</u>	<u>5,488</u>	<u>7,066</u>	<u>98</u>	<u>22,384</u>	<u>(512,811)</u>	<u>(77,130)</u>	<u>(41,219)</u>

FY2023

Attributable to equity holders of the Company

Company - 4th 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 2023	15,878	481,352	16,456	7,264	(496,442)	24,508
Issuance of shares, net of issue costs	5,181	8,516	-	-	-	13,697
Loss for the period	-	-	-	-	(1,845)	(1,845)
Balance as at 30 June 2023	<u>21,059</u>	<u>489,868</u>	<u>16,456</u>	<u>7,264</u>	<u>(498,287)</u>	<u>36,360</u>

FY2022

Attributable to equity holders of the Company

Company - 4th 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 2022	15,878	481,352	16,456	7,264	(487,892)	33,058
Loss for the period	-	-	-	-	(4,694)	(4,694)
Balance as at 30 June 2022	<u>15,878</u>	<u>481,352</u>	<u>16,456</u>	<u>7,264</u>	<u>(492,586)</u>	<u>28,364</u>

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
<b>2022</b>						
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	-	-	-	-	(5,701)	(5,701)
Balance as at 30 June 2023	<u>21,059</u>	<u>489,868</u>	<u>16,456</u>	<u>7,264</u>	<u>(498,287)</u>	<u>36,360</u>
<b>2021</b>						
Balance as at 1 July 2021	15,878	481,352	16,456	7,264	(483,335)	37,615
Loss for the year	-	-	-	-	(9,251)	(9,251)
Balance as at 30 June 2022	<u>15,878</u>	<u>481,352</u>	<u>16,456</u>	<u>7,264</u>	<u>(492,586)</u>	<u>28,364</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.

#### Coronavirus (COVID-19) Economic Impact

Economic growth has been decelerating in the People’s Republic of China (“**PRC**”), post-COVID-19, 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 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, this has adversely affected the Group’s financial performance and cash flows for the current financial year and is expected to continue to adversely affect the Group’s financial performance and cash flows in the upcoming financial years/periods.

### 2. Basis of preparation

This condensed interim financial statements for the fourth quarter and full year ended 30 June 2023 (“**FY2023**”) 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 2023.

The accounting policies and methods of computation adopted are consistent with those of the previous audited 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\$17,586,000 (FY2022: HK\$166,373,000) for FY2023, and was in net current liabilities and net liabilities of HK\$54,022,000 and HK\$43,482,000 respectively as at 30 June 2023. As of 30 June 2023, the Group’s cash and bank balances available for use amounted to HK\$1,387,000 (30 June 2022: HK\$150,000) while its current liabilities amounted to HK\$64,136,000 (30 June 2022: HK\$67,612,000).

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 to enable the Group to operate as a going concern and to meet its obligations as and when they fall due. Such financial support includes not recalling the balance owing to the substantial shareholder of HK\$21,312,000 (which includes the liability component of redeemable convertible bond of HK\$15,178,000, borrowings of HK\$4,018,000 and related redeemable convertible bond interests

and borrowing interests of HK\$1,516,000 and HK\$600,000 respectively) as at 30 June 2023 unless the Group has sufficient funds for working capital and to pay other creditors in full. The Company is in the process of negotiating with the substantial shareholder to further extend the redeemable convertible bond due on 22 June 2024, beyond 30 June 2024. Subsequent to end of FY2023, the Company agreed with the substantial shareholder to capitalize redeemable convertible bond interests and borrowing interests amounted to HK\$1,492,000 and HK\$600,000 respectively as loans, and extended all loans due to the substantial shareholder from 1 July 2023 to 1 July 2024.

- b) The Company's sole operating subsidiary in the PRC, Guiyang Zhongdian Gaoxin Digital Technologies Limited (“**Guiyang Tech**”) is entitled to a rent-free period of its 20-year lease of the IDC premises since 2014, until the receipt of notice from the landlord. Management is confident that this rent-free period shall be extended for at least 12 months from the date of this announcement, given that Guiyang Tech has received the confirmation from the landlord that Guiyang Tech is still entitled to the rent-free period before the landlord obtains the property use rights.
- c) Management has successfully negotiated for favourable payment terms with its key suppliers, in particular, those providing bandwidth and utilities in the IDC premises, and the key suppliers have agreed to extend its credit terms and to defer payments by at least 12 months from the date of this announcement.
- d) The Group is confident of deferring payment of the entire amount of Loan 1 from a PRC bank of HK\$3,783,000 (Note 12), of which 14% is due on 30 June 2023, 30 September 2023 and 31 December 2023 respectively, and the remaining 58% is due upon maturity on 30 March 2024. A substantial shareholder and a related party, as the guarantors of the loan, have agreed to undertake the repayment of the entire amount of the loan, should the bank request for those contractual instalment from Guiyang Tech within the next 12 months.

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

If the Group and the Company are unable to continue in operational existence for the foreseeable future, the Group and the Company may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statements of financial position. In addition, the Group and the Company may have to reclassify non-current assets and liabilities as current assets and liabilities respectively, and to provide for further liabilities which may arise. **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 full year financial statements for FY2023, 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 2022 ("FY2022").

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 2023**

	<b>Three months ended 30.06.23</b>		
	Internet Data Centre Services	All other segments	Total
	HK\$'000	HK\$'000	HK\$'000
Revenue from external parties	1,189	-	1,189
Segment loss	(2,876)	(2,284)	(5,160)
Finance costs			(1,266)
Loss before tax			(6,426)
Income tax			-
Loss for the financial period			(6,426)
<u>Other segment items</u>			
Depreciation of property, plant and equipment	(658)	-	(658)
Depreciation of right-of-use assets	(348)	-	(348)
Reversal/(Impairment loss) of:			
- financial assets and contract assets	197	-	197
- property, plant and equipment	(941)	-	(941)
Fair value remeasurement on convertible bonds	-	884	884
Fair value loss on derivative asset	-	(776)	(776)

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

**Business segments (continued)**

**3-months ended 30 June 2022**

	<b>Three months ended 30.06.22</b>		
	Internet Data Centre Services	All other segments	Total
	HK\$'000	HK\$'000	HK\$'000
Revenue from external parties	3,178	-	3,178
Segment loss	(155,508)	(5,461)	(160,969)
Finance costs			(1,967)
Loss before tax			(162,936)
Income tax expense			-
Loss for the financial period			(162,936)
<u>Other segment items</u>			
Depreciation of property, plant and equipment	(1,449)	-	(1,449)
Depreciation of right-of-use assets	(558)	-	(558)
Reversal/(Impairment loss) of:			
- financial assets and contract assets	353	-	353
- prepayment	(20,665)	-	(20,665)
- property, plant and equipment	(140,936)	-	(140,936)
Waiver of liabilities	5,686	127	5,813
Fair value loss on derivative asset	-	(3,200)	(3,200)

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

**Business segments (continued)**

**FY2023**

	<b>For the year ended</b>		
	Internet Data Centre Services	All other segments	Total
	HK\$'000	HK\$'000	HK\$'000
Revenue from external parties	7,336	-	7,336
Segment loss	(6,532)	(5,146)	(11,678)
Finance costs			(5,908)
Loss before tax			(17,586)
Income tax			-
Loss for the financial period			(17,586)
<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/(Impairment loss) of:			
- financial assets and contract assets	326	-	326
- property, plant and equipment	(941)	-	(941)
Fair value remeasurement on convertible bonds	-	884	884
Fair value loss on derivative asset	-	(776)	(776)



#### 4. Segment and revenue information (continued)

##### Business segments (continued)

FY2022

	For the year ended		
	Internet Data Centre Services	All other segments	Total
	HK\$'000	HK\$'000	HK\$'000
Revenue from external parties	13,445	-	13,445
Segment loss	(151,434)	(7,237)	(158,671)
Finance costs			(7,702)
Loss before tax			(166,373)
Income tax expense			-
Loss for the financial period			(166,373)
<u>Other segment items</u>			
Depreciation of property, plant and equipment	(5,556)	-	(5,556)
Depreciation of right-of-use assets	(2,289)	-	(2,289)
Reversal/(Impairment loss) of:			
- financial assets and contract assets	353	-	353
- prepayment	(11,767)	-	(11,767)
- property, plant and equipment	(140,936)	-	(140,936)
Waiver of liabilities	5,686	127	5,813
Fair value loss on derivative asset	-	(3,200)	(3,200)

##### 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 the PRC.

#### 4. Segment and revenue information (continued)

	<b>Group</b>		
	<b>FY2023</b> <b>HK\$'000</b> <b>(Unaudited)</b>	<b>FY2022</b> <b>HK\$'000</b> <b>(Unaudited)</b>	<b>%</b> <b>Increase/</b> <b>(Decrease)</b>
<b>First half of the financial year</b>			
(a) Revenue	4,652	7,035	(33.9)
(b) Operating loss after tax before deducting non-controlling interests	(7,628)	(109)	>100
<b>Second half of the financial year</b>			
(a) Revenue	2,684	6,410	(58.1)
(b) Operating loss after tax before deducting non-controlling interests	(9,958)	(166,264)	(94.0)
<b>Full year</b>			
(a) Revenue	7,336	13,445	(45.4)
(b) Operating loss after tax before deducting non-controlling interests	(17,586)	(166,373)	(89.4)

#### 5 Other income

	<b>Three months ended</b>		<b>Year ended</b>	
	30.06.2023 HK\$'000	30.06.2022 HK\$'000	30.06.2023 HK\$'000	30.06.2022 HK\$'000
Waiver of liabilities	-	5,262	-	5,262
Reversal for impairment of prepayment	-	-	-	8,898
Waiver of debt from bandwidth supplier	-	551	-	551
Government grants	(3)	-	243	-
Others	-	15	-	15
	<u>(3)</u>	<u>5,828</u>	<u>243</u>	<u>14,726</u>

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

Reversal of financial assets and contract assets amounting to HK\$0.2 million and HK\$0.3 million respectively for the three months and full year ended 30 June 2023 (three months and full year ended 30 June 2022: HK\$0.4 million) represent recovery of trade receivables and prepayments from counter parties during the year/period.

Impairment loss of property, plant and equipment of HK\$941,000 for the three months and full year ended 30 June 2023 relates to the remeasurement of salvage value of the Expansion Project<sup>1</sup> during FY2023. Impairment loss of property, plant and equipment of HK\$140,936,000, and impairment loss of prepayment of HK\$20,665,000, for the three months and full year ended 30 June 2022, were related to the termination of development of the Expansion Project during the fourth quarter for FY2022, due mainly to the continuing adverse impact from the COVID-19 pandemic and its related control measures, on the Group's IDC business.

<sup>1</sup> 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

	<b>Three months ended</b>		<b>Year ended</b>	
	30.06.2023 HK\$'000	30.06.2022 HK\$'000	30.06.2023 HK\$'000	30.06.2022 HK\$'000
Interest expense on				
- Redeemable convertible bonds	42	614	1,042	2,428
- Loans	204	163	849	527
- Lease liabilities	1,020	1,190	4,017	4,747
	<u>1,266</u>	<u>1,967</u>	<u>5,908</u>	<u>7,702</u>

## 8 Loss before taxation

	<b>Three months ended</b>		<b>Year ended</b>	
	30.06.2023 HK\$'000	30.06.2022 HK\$'000	30.06.2023 HK\$'000	30.06.2022 HK\$'000
Loss before taxation is stated after charging:				
Directors' remuneration				
- directors of the Company	64	63	300	299
Directors' fees				
- directors of the Company	77	90	347	360
Audit fees				
- auditors of the Company	683	215	1,523	862
- other auditors	65	23	117	93

## 9 Loss per Share

	<b>Group</b>			
	<b>3 Months Ended 30 June 2023 (Unaudited)</b>	<b>3 Months Ended 30 June 2022 (Unaudited)</b>	<b>Year Ended 30 June 2023 (Unaudited)</b>	<b>Year Ended 30 June 2022 (Audited)</b>
Loss attributable to equity holders of the Company (HK\$'000)	(3,077)	(98,000)	(13,199)	(103,759)
Weighted average number of shares in issue <sup>(1)</sup>	175,861,733	158,780,706	163,039,263	158,780,706
<b>Loss per ordinary share (HK cents)</b>				
- Based on weighted average number of ordinary shares in issue	<b>(1.75)</b>	<b>(61.72)</b>	<b>(8.10)</b>	<b>(65.35)</b>
- On a fully diluted basis	<b>(1.75)</b>	<b>(61.72)</b>	<b>(8.10)</b>	<b>(65.35)</b>

**Notes:**

- (1) Adjusted to reflect the number of shares in issue following the completion of the Share Consolidation exercise and Rights Issue exercise in April 2023 and May 2023, respectively.
- (2) The Convertible Bond which will expire on 21 June 2024 has no dilutive effect for the respective financial period/year ended 30 June 2023 and 2022.

**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.

	<b>Three months ended</b>		<b>Year ended</b>	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Payment on behalf of a related party	-	5	-	5
Advances from directors, net	556	677	556	677
Repayment to related parties, net	(5,056)	(4,498)	(1,794)	(2,249)
Waiver of liabilities from directors	-	127	-	127
	<u>-</u>	<u>127</u>	<u>-</u>	<u>127</u>
<b>Key management personnel compensation</b>				
<b>Directors of the Company</b>				
- Salary and related costs	64	63	300	299
- Contribution to defined contribution plans	4	4	15	14
- Directors' fee	77	90	347	360
<b>Directors of subsidiaries</b>				
- Salary and related costs	180	519	720	1,080
- Contribution to defined contribution plans	4	2	18	16
	<u>329</u>	<u>678</u>	<u>1,400</u>	<u>1,769</u>
<b>Categories of total compensation</b>				
- Short-term employment benefits	321	672	1,367	1,739
- Post-employment benefits	8	6	33	30
	<u>329</u>	<u>678</u>	<u>1,400</u>	<u>1,769</u>

**11 Property, plant and equipment**

Acquisition and impairment loss of property, plant and equipment of HK\$123,000 and HK\$908,000, respectively, were made during FY2023. Acquisition and impairment loss of property, plant and equipment of HK\$744,000 and HK\$140,936,000, respectively, were made during FY2022. For impairment loss of property, plant and equipment, please refer to note 6 for details.

## 12 Borrowings

	Interest rate	Due within 1 year HK\$'000	Due after 1 year but less than 5 years HK\$'000	Total HK\$'000
<b>Group</b>				
<b><u>As at 30 June 2023</u></b>				
Loan 1 (Unsecured) - Fixed rate	7.20%	3,783	-	3,783
Loan 5 (Unsecured) - Fixed rate	6.00%	931	-	931 (Note)
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
<b><u>As at 30 June 2022</u></b>				
Loan 1 (Unsecured) - Fixed rate	7.20%	4,671	-	4,671
Loan 2 (Unsecured) - Fixed rate	6.00%	-	300	300
Loan 3 (Unsecured) - Fixed rate	6.00%	-	550	550
Loan 4 (Unsecured) - Fixed rate	6.00%	-	1,500	1,500
Loan 5 (Unsecured) - Fixed rate	6.00%	-	1,000	1,000
Loan 6 (Unsecured) - Fixed rate	6.00%	-	200	200
Loan 7 (Unsecured) - Fixed rate	10.00%	-	305	305
Loan 8 (Unsecured) - Fixed rate	10.00%	-	201	201
Loan 9 (Unsecured) - Fixed rate	10.00%	-	248	248
Loan 10 (Unsecured) - Fixed rate	10.00%	-	180	180
Loan 11 (Unsecured) - Fixed rate	10.00%	-	100	100
		4,671	4,584	9,255

### **Company**

#### **As at 30 June 2023 and 30 June 2022**

Nil

Note:

In May 2023, the Company had undertaken a renounceable non-underwritten rights issue exercise. Mr Lam Cho Ying Terence Joe (“**Mr Lam**”), a substantial shareholder of the Company, had provided an irrevocable undertaking to the Company to subscribe his entitled rights shares. Pursuant to the irrevocable undertaking, the Company and Mr Lam had agreed that the entire subscription monies payable by Mr Lam and Alternus Capital Holdings Limited (a substantial shareholder of the Company and a wholly-owned company of Mr. Lam) be set off against the relevant amounts owed by the Company to Mr Lam.

Accordingly, approximately HK\$2.4 million was set off against the relevant amounts owed by the Company to Mr Lam in ascending order, which meant the earliest loans were utilised first.

Loan 1

This loan was obtained by Guiyang Tech from a PRC bank to finance its working capital and is guaranteed by a key management personnel of Guiyang Tech and his controlled entity. The loan is repayable on a quarterly basis, commencing in June 2023 and is expected to be fully settled in March 2024.

Loan 5 to Loan 6

The loans are due to Mr Lam. The loans are unsecured, interest bearing at 6% per annum and repayment within one year.

Loan 7 to Loan 20

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 Bonds

The convertible bonds (“**Bond**”) issued on 23 November 2020, with a tenure of two years, was originally matured on 22 November 2022. Upon signing three Supplemental Agreements during FY2023, the Bond was last extended on 22 June 2023 (“**Extension Date**”) for one year and will mature on 22 June 2024 (“**Maturity Date**”). The principal terms and conditions of the Bond are summarised as follows:

<b>Principal Amount</b>	:	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 5.6).
<b>Issue Price</b>	:	100% of the aggregate principal amount of the Bond.
<b>Interest Rate</b>	:	The Bond bears interest at a rate of 6.0% simple interest on 365-day basis, payable quarterly.
<b>Maturity Date</b>	:	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.
<b>Issue Date</b>	:	23 November 2020
<b>Purchase</b>	:	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.
<b>Conversion</b>	:	Convert at S\$0.0622 per share at an agreed fixed exchange rate of S\$1.00 : HK\$5.60.
<b>Voluntary Conversion</b>	:	The Bondholder may convert all or part of the outstanding Bond and any accrued and unpaid interest in respect of the Bond (if and where the Bondholder waives its right for cash payment of such amount) into new Shares at the Conversion Price at any time within the period commencing three (3) months from the Issue Date up until the Maturity Date. The Company may reject any conversion of Bond of an aggregate principal amount of less than HK\$1,000,000.

The Bond contains two components, the liability and equity components. The initial fair value of the two components was determined based on gross proceeds at issuance. The initial fair value of the liability component was estimated to be approximately HK\$27,261,000 as at the Issue Date by using the Trinomial Tree Model, taking into account the terms and conditions of the Bond. In subsequent periods, the liability component is measured at amortized cost using effective interest rate method. The effective interest rate of the liability component of Bond is 10.42% per annum. The residual amount representing the value of the equity component of approximately HK\$3,799,000, was presented in equity under the heading 'other reserve'. Fair value of the liability component was determined 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 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 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 2023 using the Trinomial Tree Model and the major inputs into the model are as follows:

	At Issue Date
Stock price	S\$0.041
Exercise price	S\$0.0622
Credit spread	7.65%
Option life	1 year
Risk free rate	4.21%

## 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.**

	<b>Group and Company</b>	
	<b>Issued and fully paid-up ordinary shares</b>	<b>Share Capital (HK\$'000)</b>
As at 31 March 2023	15,878,070,617	15,878
Share Consolidation <sup>(1)</sup>	158,780,706	15,878
Rights Issue <sup>(2)</sup>	51,812,447	5,181
As at 30 June 2023	210,593,153	51,059

- (1) On 6 April 2023, the Company completed a share consolidation of every one hundred (100) existing shares held by shareholders into 1 consolidated share (“**Share Consolidation**”). Following the completion of the Share Consolidation, the par value of each share changed from HK\$0.001 to HK\$0.10, and the issued share capital of the Company comprises 158,780,706 shares.
- (2) On 1 June 2023, the Company announced the completion of the renounceable non-underwritten rights issue on the basis of one (1) rights share for every two (2) existing shares at an issue price of S\$0.05. A total of 51,812,447 rights shares were issued and allotted. The rights shares rank *pari passu* in all respects with the existing shares.
- (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.**

	<b>As at 30 June 2023</b>	<b>As at 30 June 2022</b>
Number of shares that may be issued on conversion of all outstanding convertibles	50,458,038 <sup>(1)</sup>	4,383,378,402 <sup>(1)</sup>
Total number of issued shares (excluding treasury shares and subsidiary holdings) <sup>(2)</sup>	210,593,153 <sup>(3)</sup>	158,780,706 <sup>(3)</sup>

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 2022 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 and 27 June 2023, 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 2024. As at 30 June 2023, the outstanding principal amount of the Convertible Bond was HK\$16.06 million, together with the accrued convertible bond interest of HK\$1.52 million, which may be converted into 50,458,038 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 2022 and 30 June 2023.
- (3) Please refer to note 14(a) for the details of movement of number of issued shares during the year.

## 15 Net Asset Value

	Group		Company	
	As at 30 June 2023 (Unaudited)	As at 30 June 2022 (Unaudited)	As at 30 June 2023 (Unaudited)	As at 30 June 2022 (Audited)
Net asset value attributable to the Group (HK\$'000)	39,468	35,911	36,360	28,364
Number of shares in issue	210,593,153	158,780,706	210,593,153	158,780,706
Net (liability) / asset value per ordinary share (HK\$)	18.74	22.62	17.27	17.86

## 16 Subsequent Events

On 4 August 2023, a formal legal proceeding has been commenced against three subsidiaries of the Group and Mr Lam, by a shareholder of the Company (“**Plaintiff**”) (the “**Claim**”). Pursuant to the Claim, the Plaintiff is seeking damages of an aggregate sum of approximately RMB9.1 million in relation to an alleged breach of agreement surrounding the placement exercise undertaken by the Company in December 2020. The Company is in the process of gathering additional facts and information surrounding the alleged breach of agreement as well as seeking legal advice in respect of the Claim. As such, the Company is unable to assess the financial impact of the Claim as at the date of this announcement. The Company will provide more information in this regard, including the impact on the Group’s financials, in due course via an announcement on SGXNet.

Save as disclosed above, 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 subsidiaries (collectively, the “**Group**”) as at 30 June 2023 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 2023 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 2023 and 30 June 2022 was 210,593,153 and 158,780,706 (after effect of share consolidation) respectively. There were no treasury shares as at 30 June 2023 and 30 June 2022.

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

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

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

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

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

The latest audited consolidated financial statements of the Group for FY2022 (“**Audited Financial Statements**”) 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 (i) opening balances of the carrying amounts of property, plant and equipment, right-of-use asset, prepayments and deferred tax asset; (ii) impairment assessment of property, plant and equipment and rights of use asset; (iii) validity and completeness of trade and other payables; (iv) recoverability of deferred tax asset; (v) impairment assessment of investment in subsidiaries; (vi) validity of certain transactions reflected in other expenses and other income; (vii) recoverability of balance due from a related party included in trade and other receivables; (viii) adequate adjustment or disclosure of all significant subsequent events and transactions in the Audited Financial Statements; (ix) completeness of litigations and enforcement proceedings and corresponding liabilities; and (x) appropriateness of going concern assumption used in the preparation of the Audited Financial Statements. Please refer to the Company’s announcement dated 29 November 2022 as well as the annual report of the Company for FY2022 for further information on the Disclaimer of Opinion.

The board of directors (“**Directors**”) and the Management confirm that the revenue forecast and the underlying assumptions used in the discounted cash flow projection (“**DCF**”) prepared by the Management to derive the value in use of the IDC operated by Guiyang Tech for FY2022, remained unchanged as at 30 June 2023, and no further update to the DCF for FY2022 was made.

For FY2023, due to the significant and continued economic impact on the Group’s major customers after the COVID-19 pandemic, the revenue forecast and the underlying assumptions used in the DCF prepared by the Management to derive the value in use of the IDC operated by Guiyang Tech have changed as at 30 June 2023, and hence a revised DCF has been prepared for FY2023.

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

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

**(A) REVIEW OF FINANCIAL RESULTS**

**Revenue**

Revenue decreased by HK\$2.0 million, from HK\$3.2 million in the three months ended 30 June 2022 (“**3M FY2022**”) to HK\$1.2 million in the three months ended 30 June 2023 (“**3M FY2023**”). Revenue decreased by HK\$6.1 million, from HK\$13.4 million in the full year ended 30 June 2022 (“**FY2022**”) to HK\$7.4 million in the full year ended 30 June 2023 (“**FY2023**”), due to decrease in customer demand and deferral of renewal of contracts, mainly from the government sector during FY2023.

**Other income**

Other income of HK\$5.8 million in the 3M FY2022 related to the waiver of liabilities from various suppliers of the Group arising from cost saving measures implemented within the Group, whereas the expense of HK\$3,000 in other income reported in the 3M FY2023 was mainly due to the exchange difference arising from government grants received, as the government grants received was in Renminbi and the Company’s reporting currency is in Hong Kong dollar.

Other income of HK\$0.2 million in FY2023 relates to the government grants received during FY2023, while HK\$14.7 million in FY2022 related to (i) the waiver of liabilities from various suppliers of the Group amounted to HK\$5.8 million arising from cost saving measures implemented within the Group, (ii) reversal for impairment of prepayment of HK\$8.9 million in relation to utilisation of prepayment made to a vendor previously, fully impaired to offset against trade payables owing to the same party during FY2022.

**Expenses**

Depreciation of property, plant and equipment (“**PPE**”) decreased by HK\$0.8 million, from HK\$1.5 million in the 3M FY2022 to HK\$0.7 million in the 3M FY2023, and decreased by HK\$2.7 million, from HK\$5.6 million in FY2022 to HK\$2.9 million in FY2023, 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 FY2023 and HK\$1.4 million in FY2023 (3M FY2022 and FY2022: HK\$0.6 million and HK\$2.3 million respectively). The decrease during 3M FY2023 and FY2023 was due to reassessment of lease liabilities and right-of use assets during FY2023.

Reversal of financial assets and contract assets was (i) HK\$0.1 million and HK\$0.4 million in 3M FY2022 and FY2022 respectively, and (ii) HK\$0.2 million and HK\$0.3 million in 3M FY2023 and FY2023 respectively, mainly due to debt recovery from customers.

Impairment loss of property, plant and equipment of HK\$0.9 million for 3M FY2023 and FY2023 relates to the remeasurement of salvage value of the Expansion Project during FY2023. Impairment loss of property, plant and equipment of HK\$140.9 million, and impairment loss of prepayment of HK\$20.7 million for 3M FY2022 and FY2022, represented the corresponding assets impaired as a result of termination of development of the Expansion Project. Please refer to Section E, Note 6, of this announcement for more information.

Fair value remeasurement on convertible bonds of HK\$0.9 million for 3M FY2023 and FY2023 (3M FY2022 and FY2022: HK\$ Nil) was attributable to the the remeasurement of liability component upon the extension of the Convertible Bonds on 22 June 2023.

Fair value loss on derivative asset of HK\$0.8 million for 3M FY2023 and FY2023 (3M FY2022 and FY2022: HK\$3.2 million) relates to the movement of the Company's redemption option for the redeemable Convertible Bond during FY2023.

Bandwidth fees (i) increased by HK\$0.17 million, from HK\$0.03 million in the 3M FY2022 to HK\$0.2 million in the 3M FY2023, due to increase in usage of bandwidth fees during 3M FY2023, and (ii) decreased by HK\$1.4 million, from HK\$1.8 million in FY2022 to HK\$0.4 million in FY2022, due to termination of excess broadband services during FY2022.

Employee benefits expenses decreased by HK\$0.5 million, from HK\$1.1 million in the 3M FY2022 to HK\$0.6 million in the 3M FY2023, and decreased by HK\$1.4 million to HK\$2.5 million in FY2023, from HK\$3.9 million in FY2022, mainly due to the reduction in the number of staff to fulfill a government bureau hosting project during FY2023 as a result of deferral of contract renewal.

Other expenses, comprising primarily office overhead, operating lease expenses, legal and professional fee and utility service fee, increased by HK\$2.2 million, from HK\$1.8 million in 3M FY2022 to HK\$4.0 million in 3M FY2023. It increased by HK\$3.2 million, from HK\$8.5 million in FY2022 to HK\$11.7 million in FY2023, mainly due to the legal and professional fees incurred for the Share Consolidation and extensions of Convertible Bonds in FY2023.

Foreign exchange gain was HK\$0.04 million in 3M FY2023 (3M FY2022, FY2023 and FY2022: foreign exchange loss of HK\$0.4 million, HK\$0.01 million and HK\$0.4 million respectively), mainly due to the depreciation of Renminbi (“RMB”) against Hong Kong Dollar (“HKD”) in FY2023.

Finance costs decreased by HK\$0.7 million, from HK\$2.0 million in the 3M FY2022 to HK\$1.3 million in the 3M FY2023, and decreased by HK\$1.8 million, from HK\$7.7 million in FY2022 to HK\$5.9 million in FY2023, mainly attributable to decrease in interest expense on the Convertible Bonds during the 3M FY2023 and FY2023.

### **Income tax**

There was no income tax reported in the 3M FY2022, 3M FY2023, FY2022 and FY2023 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\$6.4 million in the 3M FY2023 (3M FY2022: loss after tax of HK\$162.9 million), and a loss after tax of HK\$17.6 million in FY2023 (FY2022: loss after tax of HK\$166.4 million).

## **(B) REVIEW OF FINANCIAL POSITION**

### **Non-Current Assets**

Non-current assets of the Group amounted to HK\$66.8 million and HK\$76.7 million as at 30 June 2023 and 30 June 2022 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\$7.2 million, from HK\$47.1 million as at 30 June 2022 to HK\$39.9 million as at 30 June 2023. The decrease was mainly due to impairment loss of HK\$0.9 million, depreciation charge of HK\$2.9 million and translation loss of HK\$3.4 million arising from depreciation of RMB against HKD during FY2023.

#### (ii) Right-of-use assets

The net book value of right-of-use assets decreased by HK\$2.7 million, from HK\$17.7 million as at 30 June 2022 to HK\$15.0 million as at 30 June 2023. The decrease was due to depreciation charge of HK\$1.4 million and translation loss of HK\$1.3 million during FY2023.

#### (iii) Deferred tax assets

Deferred tax assets remained unchanged at HK\$12.0 million as at 30 June 2023 and 30 June 2022. 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\$0.9 million, from HK\$11.0 million as at 30 June 2022 to HK\$10.1 million as at 30 June 2023. Current assets comprised (i) trade and other receivables; (ii) derivative asset; and (iii) cash and bank balances.

#### (i) Trade and other receivables

Trade and other receivables decreased by HK\$1.4 million, from HK\$9.2 million as at 30 June 2022 to HK\$7.8 million as at 30 June 2023. Trade and other receivables as at 30 June 2023 comprise trade receivables of HK\$1.1 million, amount due from a related party of HK\$5.1 million and other receivables and prepayment of HK\$1.6 million.

Trade receivables decreased by HK\$0.5 million, from HK\$1.6 million as at 30 June 2022 to HK\$1.1 million as at 30 June 2023. The decrease was mainly due to decrease in revenue generated by GYZD during FY2023.

Amount due from a related party of HK\$5.1 million as at 30 June 2023 (30 June 2022: HK\$4.1 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\$1.9 million, from HK\$3.5 million as at 30 June 2022 to HK\$1.6 million as at 30 June 2023, due to decrease in deposits paid during FY2023.

(ii) Derivative asset

Derivative asset decreased by HK\$0.8 million, from HK\$1.7 million as at 30 June 2022 to HK\$0.9 million as at 30 June 2023, due to fair value loss in the Company's redemption option embedded in the redeemable Convertible Bonds during FY2023.

(iii) Cash and bank balances

Cash and bank balances increased by HK\$1.2 million, from HK\$0.2 million as at 30 June 2022 to HK\$1.4 million as at 30 June 2023. Please refer to "Cashflows" for the movement in cash and cash equivalents.

**Current Liabilities**

Current liabilities decreased by HK\$3.5 million, from HK\$67.6 million as at 30 June 2022 to HK\$64.1 million as at 30 June 2023, mainly due to the following:

(i) Trade and other payables

Trade and other payables increased by HK\$2.4 million, from HK\$30.3 million as at 30 June 2022 to HK\$32.7 million as at 30 June 2023. Trade and other payables as at 30 June 2023 comprised (a) trade payables of HK\$3.3 million; (b) accruals and other payables of HK\$24.1 million; (c) amount due to Directors of the Company of HK\$1.0 million; (d) amount due to related parties of HK\$2.2 million; (e) redeemable convertible interest payable of HK\$1.5 million; and (f) loan interest payable of HK\$0.6 million.

- (a) Trade payables increased by HK\$2.9 million, from HK\$0.4 million as at 30 June 2022 to HK\$3.3 million as at 30 June 2023, mainly due to increase in unsettled payment to vendors during FY2023.
- (b) Accruals and other payables decreased by HK\$1.3 million, from HK\$25.4 million as at 30 June 2022 to HK\$24.1 million as at 30 June 2023, mainly due to translation gain arising from depreciation of RMB against HKD during FY2023.
- (c) Amount due to Directors of the Company increased by HK\$0.6 million, from HK\$0.4 million as at 30 June 2022 to HK\$1.0 million as at 30 June 2023, as a result of an increase in advances from Directors during FY2023. The amounts were unsecured, interest-free and repayable on demand.
- (d) Amount due to related parties of HK\$2.2 million as at 30 June 2023 (30 June 2022: HK\$3.0 million) relate to advances from related parties. The amounts were unsecured, interest-free and repayable on demand.
- (e) Redeemable convertible interest payable of HK\$1.5 million as at 30 June 2023 (30 June 2022: HK\$0.9 million) relates to unpaid coupon interest for the Convertible Bond issued in November 2020.
- (f) Loan interest payable of HK\$0.6 million as at 30 June 2023 (30 June 2022: HK\$0.2 million) related to the unpaid loan interest for loans extended to the Company by a substantial shareholder of the Company during FY2023.

(ii) Contract liabilities

Contract liabilities decreased by HK\$0.5 million, from HK\$0.6 million as at 30 June 2022 to HK\$0.1 million as at 30 June 2023, due to decrease in receipt of customer deposit for an IDC contract where the corresponding IDC service has yet to be fully performed as at 30 June 2023.

(iii) Borrowings

Borrowings increased by HK\$3.1 million, from HK\$4.7 million as at 30 June 2022 to HK\$7.8 million as at 30 June 2023, due to the reclassification of non-current borrowings to current borrowings during FY2023.

(iv) Redeemable convertible bond

Redeemable convertible bond decreased from HK\$23.6 million as at 30 June 2022 to HK\$15.2 million as at 30 June 2023. In May 2023, the Company had undertaken a renounceable non-underwritten rights issue exercise. Mr Lam, a substantial shareholder of the Company and the bondholder, had provided an irrevocable undertaking to the Company to subscribe his entitled rights shares. Pursuant to the irrevocable undertaking, the Company and Mr Lam had agreed that the entire subscription monies payable by Mr Lam and Alternus Capital Holdings Limited (a substantial shareholder of the Company and a wholly-owned company of Mr. Lam) be set off against the relevant amounts owed by the Company to Mr Lam. Accordingly, approximately HK\$8.0 million was set off against the outstanding Convertible Bond. Details of the terms and conditions are set out in Note 13 under Section E of this announcement.

**Non-current Liabilities**

Non-current liabilities decreased by HK\$5.1 million, from HK\$61.4 million as at 30 June 2022 to HK\$56.3 million as at 30 June 2023. Non-current liabilities comprised (i) borrowings; and (ii) lease liabilities.

(i) Borrowings

Borrowings was nil as at 30 June 2023 (30 June 2022: HK\$4.6 million) due to reclassification of a non-current current portion of borrowings to current borrowings during FY2023.

(ii) Lease liabilities

Lease liabilities decreased by HK\$0.5 million, from HK\$56.8 million as at 30 June 2022 to HK\$56.3 million as at 30 June 2023, due to the effect of depreciation of RMB against HKD amounting to HK\$4.5 million, partially offset by interests incurred of HK\$4.0 million during FY2023.

**Working Capital**

Due to the changes in current assets and current liabilities as described above, the Group reported a negative working capital of HK\$54.0 million as at 30 June 2023 (30 June 2022: HK\$56.6 million). The Board is of the view that the Group's current liabilities include an amount of HK\$50.9 million (accounting for 80% of the Group's total current liabilities) which is not expected to be payable by the Group within the next 12 months. The reasons are set out below:

(a) Under trade and other payables

- (i) PRC value added tax of HK\$6.6 million arose largely due to IFRS adjustments (i.e. IFRS adjustments against PRC GAAP as the accounts of GYZD have been prepared based on PRC GAAP). Such VAT will only be required to be paid when sales revenue is collected by GYZD, along with the issuance of the respective VAT receipts.

- (ii) Accruals for bandwidth and energy saving service for IDC operations in the PRC of HK\$10.1 million. GYZD has yet to receive the supplier invoice for the aforesaid service and Management had confirmed with the vendor to extend the payment beyond one year from 30 June 2023.
  - (iii) Interest payable for loan and convertible bond issued to a substantial shareholder of the Company (being Mr Lam) amounting to HK\$2.1 million. The management had negotiated with Mr. Lam on extension for payment of such interest payable, and expects to receive continued financial support from Mr Lam.
- (b) Contract liabilities of HK\$0.1 million relate to advance payment received by GYZD in respect of hosting contracts. The amount will be recorded as revenue once the performance of contracts is completed.
  - (c) Amount due to directors relates to the advances from directors to the Company. The management had confirmed with directors not to demand for the repayment unless the Group has sufficient funds for working capital and to pay other creditors in full.
  - (d) Redeemable convertible bond of HK\$15.2 million relates to the liability component of 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\$21,312,000 (which includes the liability component of redeemable convertible bond of HK\$15,178,000, borrowings of HK\$4,018,000 and related redeemable convertible bond interests and borrowing interests of HK\$1,516,000 and HK\$600,000 respectively) as at 30 June 2023 unless the Group has sufficient funds for working capital and to pay other creditors in full.
  - (e) Income tax payable of HK\$8.3 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 2022.

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 FY2023**

Net cash from operating activities in 3M FY2023 amounted to HK\$2.7 million. This was mainly due to (i) increase in trade and other payables of HK\$5.3 million; and (ii) decrease in trade and other receivables of HK\$1.1 million, partially offset by (iii) operating loss before working capital changes of HK\$3.5 million; (iv) decrease in contract liabilities of HK\$0.1 million, and (v) interest paid of HK\$0.1 million.

Net cash used in investing activities amounted to HK\$0.1 million in 3M FY2023, due to purchase of property, plant and equipment during 3M FY2023.

Net cash used in financing activities amounted to HK\$2.0 million in 3M FY2023, mainly due to (i) net repayment to related parties of HK\$5.1 million, and (ii) repayment of borrowings of HK\$0.9 million, partially offset by (iii) net proceeds from issue of ordinary shares by way of rights issue of HK\$3.3 million, (iv) net advances from directors of HK\$0.6 million, and (v) proceeds from borrowings from Mr Lam of HK\$0.1 million.



As a result of the above, together with the effect of exchange rate changes in cash and cash equivalents of HK\$0.3 million, the Group's cash and cash equivalents increased from HK\$0.5 million as at 31 March 2023 to HK\$1.4 million as at 30 June 2023.

**(b) FY2023**

Net cash used in operating activities in FY2023 amounted to HK\$4.2 million. This was mainly due to (i) operating loss before working capital changes of HK\$6.9 million; (ii) decrease in contract liabilities of HK\$0.5 million, and (iii) interest paid of HK\$0.8 million, partially offset by (iv) decrease in trade and other receivables of HK\$2.3 million; and (v) increase in trade and other payables of HK\$1.7 million.

Net cash used in investing activities amounted to HK\$0.1 million in FY2023, due to purchase of property, plant and equipment during FY2023.

Net cash from financing activities amounted to HK\$3.0 million in FY2023, mainly due to (i) net proceeds from issue of ordinary shares by way of rights issue of HK\$3.3 million, (ii) net advances from directors of HK\$0.6 million, and (iii) proceeds from borrowings from Mr Lam of HK\$1.8 million, partially offset by (iv) net repayments to related parties of HK\$1.8 million, and (v) repayment of borrowings of HK\$0.9 million.

As a result of the above, together with the effect of exchange rate changes in cash and cash equivalents of HK\$2.6 million, the Group's cash and cash equivalents increased from HK\$0.2 million as at 30 June 2022 to HK\$1.4 million as at 30 June 2023.

**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 after COVID-19 pandemic, 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 is exploring potential opportunities in the new businesses. The Company will make the necessary announcements in compliance with the requirements of the Catalist Rules as and when there is material development. Please refer to the Company's circular to shareholders dated 14 October 2020 for further details on the aforementioned proposed diversification.

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

**9. In the review of performance, the factors leading to any material changes in contributions in turnover and 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 (FY2022: 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 FY2023 as the Group is loss making for FY2023.

**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 FY2023 and FY2022.

**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.**

<b>Name</b>	<b>Age</b>	<b>Family relationship with any director and/or substantial shareholder</b>	<b>Current position and duties, and the year the position was first held</b>	<b>Details of changes in duties and position held, if any, during the year</b>
Lam Chun Hei, Justin	28	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. Use of Proceeds**

On 31 May 2023, the Company issued and allotted an aggregate of 51,812,447 new shares of the Company by way of rights issue, and raised net proceeds of S\$2.39 million (approximately HK\$13.7 million) (“**Net Proceeds**”). The Net Proceeds have been fully utilised as at 3 August 2023. Please refer to the Company's announcements dated 14 June 2023 and 3 August 2023 for information on the use of the Net Proceeds.

**18. Disclosure of 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 FY2023.

**BY ORDER OF THE BOARD**

**Chan Andrew Wai Men  
Executive Chairman**

**Lam Chun Hei, Justin  
Executive Director and  
Chief Operating Officer**

**29 August 2023**