

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 2021

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 28 August 2021 relating to its unaudited financial results for the financial year ended 30 June 2021 (“**FY2021**”) (the “**Unaudited Financial Statements**”). Further reference is made to the audited financial statements of the Company for FY2021 (the “**Audited Financial Statements**”) and the report thereon by the Company’s independent auditor included in the Company’s annual report for FY2021 which will be released on the SGXNET and the Company’s corporate website on 13 October 2021.

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 are advised to read the Audited Financial Statements in the Company’s annual report for FY2021.

BY ORDER OF THE BOARD

Chan Andrew Wai Men
Executive Chairman
13 October 2021

*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 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.

SINOCLOUD GROUP LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021
(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	193,218	193,218	-		-	-	-	
Right-of-use assets	29,592	29,592	-		-	-	-	
Investment in subsidiaries	-	-	-		57,112	57,112	-	
Deferred tax assets	11,966	8,185	3,781	(2)	-	-	-	
	<u>234,776</u>	<u>230,995</u>	<u>3,781</u>		<u>57,112</u>	<u>57,112</u>	<u>-</u>	
Current assets								
Trade and other receivables	24,324	25,818	(1,494)	(1),(3)	110	10,933	(10,823)	(6)
Derivative asset	4,933	4,933	-		4,933	4,933	-	
Cash and bank balances	461	461	-		-	-	-	
	<u>29,718</u>	<u>31,212</u>	<u>(1,494)</u>		<u>5,043</u>	<u>15,866</u>	<u>(10,823)</u>	
TOTAL ASSETS	<u>264,494</u>	<u>262,207</u>	<u>2,287</u>		<u>62,155</u>	<u>72,978</u>	<u>(10,823)</u>	
LIABILITIES								
Current liabilities								
Trade and other payables	39,479	40,730	(1,251)	(3)	1,887	1,888	(1)	
Contract Liabilities	2,885	2,885	-		-	-	-	
Borrowings	2,402	-	2,402	(4)	-	-	-	
Income tax payable	8,443	7,797	646	(2)	-	-	-	
	<u>53,209</u>	<u>51,412</u>	<u>1,797</u>		<u>1,887</u>	<u>1,888</u>	<u>(1)</u>	
Non-current liabilities								
Borrowings	2,390	4,790	(2,400)	(4)	-	-	-	
Redeemable convertible bond	22,653	22,653	-		22,653	22,653	-	
Lease liabilities	63,818	63,818	-		-	-	-	
	<u>88,861</u>	<u>91,261</u>	<u>(2,400)</u>		<u>22,653</u>	<u>22,653</u>	<u>-</u>	
TOTAL LIABILITIES	<u>142,070</u>	<u>142,673</u>	<u>(603)</u>		<u>24,540</u>	<u>24,541</u>	<u>(1)</u>	
NET ASSETS	<u>122,424</u>	<u>119,534</u>	<u>2,890</u>		<u>37,615</u>	<u>48,437</u>	<u>(10,822)</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 deficit	4,243	4,030	213	(2)	-	-	-	
Statutory reserve	7,066	7,066	-		-	-	-	
Revaluation reserve	98	98	-		-	-	-	
Other reserve	22,384	20,618	1,766	(5)	7,264	5,498	1,766	(5)
Accumulated losses	(409,052)	(408,895)	(157)	(1),(2),(5)	(483,335)	(470,747)	(12,588)	(5),(6)
	<u>138,425</u>	<u>136,603</u>	<u>1,822</u>		<u>37,615</u>	<u>48,437</u>	<u>(10,822)</u>	
Non-controlling interests	<u>(16,001)</u>	<u>(17,069)</u>	<u>1,068</u>	(1),(2)	<u>-</u>	<u>-</u>	<u>-</u>	
TOTAL EQUITY	<u>122,424</u>	<u>119,534</u>	<u>2,890</u>		<u>37,615</u>	<u>48,437</u>	<u>(10,822)</u>	

Notes:

- (1) Adjustment for additional impairment loss of prepayment.
- (2) Adjustment for accrual of additional income tax liabilities and deferred tax assets, which was inadvertently omitted.
- (3) Reclassification of related party balance from other receivables to other payables.
- (4) Reclassification of bank loan which will fall due within one year from non-current liabilities to current liabilities.
- (5) Adjustment for initial recognition of derivative financial instrument to other reserve, which was inadvertently misstated.
- (6) Adjustment for additional impairment loss of amount due from subsidiaries.

SINOCLOUD GROUP LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2021
(Expressed in Hong Kong thousand dollars)

	The Group		Variance	Note
	(Audited)	(Unaudited)		
Revenue	9,680	15,647	(5,967)	(3)
Amortisation of intangible assets	-	-	-	
Depreciation of property, plant and equipment	(5,732)	(5,732)	-	
Depreciation of right-of-use assets	(2,451)	(2,451)	-	
Reversal / (Impairment loss) of:			-	
- financial assets and contract assets	630	(5,337)	5,967	(3)
- intangible assets	-	-	-	
- prepayment	(235)	-	(235)	(1)
Bandwidth fee	(3,674)	(3,674)	-	
Employee benefits expense	(2,220)	(2,220)	-	
Operating lease expenses	-	(181)	181	(4)
Other income	2,258	4,027	(1,769)	(5)
Other expenses	(11,355)	(11,178)	(177)	(4)
Foreign exchange gain	1,071	1,071	-	
Finance costs - interest expenses	(7,988)	(7,988)	-	
Loss before tax	(20,016)	(18,016)		
Income tax credit	2,918	-	2,918	(2)
Loss for the financial year	(17,098)	(18,016)		
Other comprehensive income / (loss):				
<i>Items that may be reclassified subsequently to profit or loss</i>				
- Currency translation differences arising from consolidation	12,305	12,099	206	(2)
- Equity component of convertible bond	-	5,498	(5,498)	(5)
- Waiver of debts by a shareholder	-	522	(522)	(6)
Other comprehensive income / (loss) for the financial year	12,305	18,119		
Total comprehensive income / (loss) for the financial year	(4,793)	103		
Loss attributable to:				
Equity holders of the Company	(13,278)	(13,121)	(157)	(1),(2),(5)
Non-controlling interests	(3,820)	(4,895)	1,075	(1),(2)
	(17,098)	(18,016)	918	
Total comprehensive income / (loss) attributable to:				
Equity holders of the Company	(4,253)	1,711	(5,964)	(1),(2),(5)
Non-controlling interests	(540)	(1,608)	1,068	(1),(2)
	(4,793)	103	(4,896)	

Notes:

- (1) Adjustment for additional impairment loss of prepayment.
- (2) Adjustment for accrual of additional income tax liabilities and deferred tax assets, which was inadvertently omitted.
- (3) Adjustment for derecognition of impairment loss of financial assets and contracts assets and revenue due to the unforeseen repayable for the consideration for certain customers.
- (4) Reclassification of expenses from operating lease expenses to other expenses.
- (5) Adjustment for initial recognition of derivative financial instrument to other reserve, which was inadvertently misstated.
- (6) Adjustment for item inadvertently presented in unaudited financial statements, which should be presented in the Statement of Changes in Equity.

SINOCLOUD GROUP LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021
(Expressed in Hong Kong thousand dollars)

	The Group		Variance	Note
	(Audited)	(Unaudited)		
Cash flows from operating activities	(20,016)	(18,016)		
Loss before tax				
Adjustments:				
Depreciation of property, plant and equipment	5,732	5,732	-	
Depreciation of right-of-use assets	2,451	2,451	-	
Amortisation of intangible assets	-	-	-	
Waiver of liabilities	(1,115)	(1,115)	-	
(Reversal) / Impairment of financial assets	(630)	5,337	(5,967)	(1)
Impairment of prepayment	235	-	235	(2)
Impairment of intangible assets	-	-	-	
Fair value gain on derivative financial instrument	(191)	(1,958)	1,767	(3)
Reversal of provision for warranty	(866)	(866)	-	
Interest expenses	7,988	7,988	-	
Operating profit before working capital changes	(6,412)	(447)		
Trade and other receivables	(1,055)	(2,364)	1,309	(1),(4),(6)
Trade and other payables	5,714	5,392	322	(4),(5),(6)
Contract assets	-	(2,369)	2,369	(1),(6)
Contract liabilities	2,623	1,787	836	(6)
Cash generated from operations	870	1,999		
Income tax paid	-	-	-	
Interest paid	(1,809)	(1,808)	(1)	
Net cash (used in) / from operating activities	(939)	191		
Cash flows from investing activities				
Payments to purchase property, plant and equipment	(54)	-	(54)	(7)
Refund of advances and earnest deposits from vendors of China Satellite Group	-	-	-	
Placement of prepayment for software development	-	-	-	
Net cash used in investing activities	(54)	-		
Cash flows from financing activities				
Issuance of ordinary shares	9,916	9,916	-	
Issuance of redeemable convertible bonds	5,000	5,000	-	
Repayment from redeemable convertible bonds	(7,000)	(7,000)	-	
Proceeds from borrowings	5,093	-	5,093	(5)
Repayment of borrowings	(8,473)	-	(8,473)	(5)
Repayment to a shareholder, net	-	(3,680)	3,680	(5)
Repayment to directors, net	(271)	(1,156)	885	(8)
Repayment to a related party, net	(3,133)	(3,133)	-	
Net cash from financing activities	1,132	(53)		
Net decrease in cash and bank balances	139	138	1	
Cash and cash equivalents at beginning of the financial year	303	303	-	
Effect of exchange rate changes in cash and cash equivalents	19	20	(1)	
Cash and cash equivalents at end of the year	461	461		

Notes:

- (1) Adjustment for derecognition of impairment loss of financial assets and contracts assets, and revenue for long overdue customers.
- (2) Adjustment for additional impairment loss of prepayment.
- (3) Adjustment for initial recognition of derivative financial instrument to other reserve, which was inadvertently misstated.
- (4) Reclassification of related party balance from other receivables to other payables.
- (5) Adjustment for cash flows on the date of issuance of convertible bond.
- (6) Adjustment to reflect foreign exchange differences arising from consolidation.
- (7) Adjustment to reflect purchase of property, plant and equipment, which was inadvertently omitted.
- (8) Adjustment to waiver of liabilities from directors, which was inadvertently omitted.