

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 2023

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 2023 relating to its unaudited financial results for the financial year ended 30 June 2023 (“**FY2023**”) (the “**Unaudited Financial Statements**”). Further reference is made to the audited financial statements of the Company for FY2023 (the “**Audited Financial Statements**”) and the report thereon by the Company’s independent auditor included in the Company’s annual report for FY2023 which will be released on the SGXNet and the Company’s corporate website on 13 October 2023.

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 FY2023.

BY ORDER OF THE BOARD

Chan Andrew Wai Men
Executive Chairman
13 October 2023

*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 2023
(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	39,920	39,920	-		-	-	-	
Right-of-use assets	14,952	14,952	-		-	-	-	
Investment in subsidiaries	-	-	-		28,057	57,112	(29,055)	(1)
Deferred tax assets	11,966	11,966	-		-	-	-	
	<u>66,838</u>	<u>66,838</u>	-		<u>28,057</u>	<u>57,112</u>	<u>(29,055)</u>	
Current assets								
Trade and other receivables	6,943	7,770	(827)	(2),(3)	187	187	-	
Contract assets	501	-	501	(3)	-	-	-	
Derivative asset	957	957	-		957	957	-	
Cash and bank balances	1,387	1,387	-		4	4	-	
	<u>9,788</u>	<u>10,114</u>	<u>(326)</u>		<u>1,148</u>	<u>1,148</u>	<u>-</u>	
TOTAL ASSETS	<u>76,626</u>	<u>76,952</u>	<u>(326)</u>		<u>29,205</u>	<u>58,260</u>	<u>(29,055)</u>	
LIABILITIES								
Current liabilities								
Trade and other payables	35,532	32,722	2,810	(2)	6,722	6,722	-	
Contract Liabilities	107	108	(1)		-	-	-	
Borrowings	7,801	7,801	-		-	-	-	
Redeemable convertible bond	15,178	15,178	-		15,178	15,178	-	
Lease liabilities	77	-	77	(4)	-	-	-	
Income tax payable	8,325	8,327	(2)		-	-	-	
	<u>67,020</u>	<u>64,136</u>	<u>2,884</u>		<u>21,900</u>	<u>21,900</u>	<u>-</u>	
Non-current liabilities								
Borrowings	-	-	-		-	-	-	
Lease liabilities	56,221	56,298	(77)	(4)	-	-	-	
	<u>56,221</u>	<u>56,298</u>	<u>(77)</u>		<u>-</u>	<u>-</u>	<u>-</u>	
TOTAL LIABILITIES	<u>123,241</u>	<u>120,434</u>	<u>2,807</u>		<u>21,900</u>	<u>21,900</u>	<u>-</u>	
NET (LIABILITIES) / ASSETS	<u>(46,615)</u>	<u>(43,482)</u>	<u>(3,133)</u>		<u>7,305</u>	<u>36,360</u>	<u>(29,055)</u>	
EQUITY								
Capital and reserves attributable to equity								
Share capital	21,059	21,059	-		21,059	21,059	-	
Share premium	489,868	489,868	-		489,868	489,868	-	
Contributed surplus	16,456	16,456	-		16,456	16,456	-	
Translation reserve	8,720	8,547	173	(2)	-	-	-	
Statutory reserve	7,066	7,066	-		-	-	-	
Revaluation reserve	98	98	-		-	-	-	
Other reserve	22,384	22,384	-		7,264	7,264	-	
Accumulated losses	(527,958)	(526,010)	(1,948)	(2)	(527,342)	(498,287)	(29,055)	(1)
	<u>37,693</u>	<u>39,468</u>	<u>(1,775)</u>		<u>7,305</u>	<u>36,360</u>	<u>(29,055)</u>	
Non-controlling interests	<u>(84,308)</u>	<u>(82,950)</u>	<u>(1,358)</u>	(2)	<u>-</u>	<u>-</u>	<u>-</u>	
TOTAL (DEFICIT) / EQUITY	<u>(46,615)</u>	<u>(43,482)</u>	<u>(3,133)</u>		<u>7,305</u>	<u>36,360</u>	<u>(29,055)</u>	

Notes:

- (1) Adjustment for impairment loss of investment in subsidiary.
- (2) Adjustment for expenses wrongly classify as prepayment, which should have been recognised as other expenses, and recognition of utilities fee undercharged by a vendor during the financial year ended 30 June 2022 ("FY2022").
- (3) Reclassification of trade receivables to contract assets.
- (4) Reclassification of lease liabilities from non-current to current.

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

	The Group		Variance	Note
	(Audited)	(Unaudited)		
Revenue	7,336	7,336	-	
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	505	326	179	(1)
- property, plant and equipment	(941)	(941)	-	
- prepayment	-	-	-	
Fair value remeasurement on convertible bonds	2,094	884	1,210	(2)
Fair value loss on derivative asset	(776)	(776)	-	
Bandwidth fees	(374)	(374)	-	
Employee benefits expenses	(3,195)	(2,486)	(709)	(4)
Other income	243	243	-	
Other expenses	(14,370)	(11,608)	(2,762)	(3),(4),(5)
Foreign exchange loss	(6)	(6)	-	
Finance costs	(7,072)	(5,908)	(1,164)	(2),(3)
Loss before tax	(20,832)	(17,586)		
Income tax	-	-	-	
Loss for the financial year	(20,832)	(17,586)		
Other comprehensive income				
<i>Items that may be reclassified subsequently to profit or loss</i>				
- Currency translation differences arising from consolidation	1,739	1,626	113	(5)
Other comprehensive income / (loss) for the financial year	1,739	1,626		
Total comprehensive loss for the financial year	(19,093)	(15,960)		
Loss attributable to:				
Equity holders of the Company	(15,147)	(13,199)	(1,948)	(1),(2),(3),(4),(5)
Non-controlling interests	(5,685)	(4,387)	(1,298)	(1),(2),(3),(4),(5)
	(20,832)	(17,586)	(3,246)	
Total comprehensive loss attributable to:				
Equity holders of the Company	(11,915)	(10,140)	(1,775)	(1),(2),(3),(4),(5)
Non-controlling interests	(7,178)	(5,820)	(1,358)	(1),(2),(3),(4),(5)
	(19,093)	(15,960)	(3,133)	

Notes:

- (1) Adjustment for additional reversal of financial assets recognised.
- (2) Adjustment for fair value remeasurement on convertible bonds with finance costs.
- (3) Reclassification of penalty of interest from finance costs to other expenses.
- (4) Reclassification between other expenses and employee benefits expenses.
- (5) Adjustment for recognition of utilities fee undercharged by a vendor during FY2022.

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

	The Group		Variance	Note
	(Audited)	(Unaudited)		
Cash flows from operating activities	(20,832)	(17,586)	(3,246)	
Loss before tax				
<i>Adjustments:</i>				
Depreciation of property, plant and equipment	2,868	2,868	-	
Depreciation of right-of-use assets	1,408	1,408	-	
Bad debt written off	-	-	-	
Waiver of liabilities	-	-	-	
Reversal for impairment of financial assets and contract assets	(505)	(326)	(179)	(1)
Reversal for impairment of prepayment	-	-	-	
Impairment loss on property, plant and equipment	941	941	-	
Impairment loss of prepayment	-	-	-	
Fair value remeasurement on convertible bonds	(2,094)	(884)	(1,210)	(2)
Fair value loss on derivative asset	776	776	-	
Interest expenses	7,072	5,908	1,164	(2)(3)
Operating loss before working capital changes	(10,366)	(6,895)		
Trade and other receivables	2,248	2,359	(111)	(4),(5)
Contract assets	(519)	-	(519)	(4)
Trade and other payables	7,562	1,648	5,914	(5),(6)
Contract liabilities	(445)	(476)	31	(6)
Cash used in operations	(1,520)	(3,364)		
Interest paid	(1,421)	(862)	(559)	(7)
Net cash used in operating activities	(2,941)	(4,226)		
Cash flows from investing activities				
Payments to purchase property, plant and equipment	(123)	(123)	-	
Net cash used in investing activities	(123)	(123)		
Cash flows from financing activities				
Proceeds from Issuance of ordinary shares	3,278	3,278	-	
Proceeds from borrowings drawdown	1,853	1,853	-	
Repayment of borrowings	(549)	(888)	339	(8)
Advances from directors, net	556	556	-	
Repayment to a related party, net	(817)	(1,794)	977	(6)
Deposit not available for use	(57)	-	(57)	(9)
Net cash from financing activities	4,264	3,005		
Net increase/(decrease) in cash and bank balances	1,200	(1,344)	2,544	
Cash and cash equivalents at beginning of the financial year	150	150	-	
Effect of exchange rate changes in cash and cash equivalents	(20)	2,581	(2,601)	(5),(6)
Cash and cash equivalents at end of the year	1,330	1,387		(9)

Notes:

- (1) Adjustment for additional reversal of financial assets recognised.
- (2) Adjustment for fair value remeasurement on convertible bonds with finance costs.
- (3) Reclassification of penalty of interest from finance costs to other expenses.
- (4) Reclassification of trade receivables to contract assets.
- (5) Adjustment for recognition of utilities fee undercharged by a vendor during FY2022.
- (6) Adjustment to reflect foreign exchange differences arising from consolidation.
- (7) Adjustment for additional interest paid, which was inadvertently omitted.
- (8) Adjustment for fair value remeasurement on convertible bonds with finance costs.
- (9) Reclassification of bank balance frozen from cash and cash equivalents to deposit not available for use.