

SINOCLOUD GROUP LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020
(Expressed in Hong Kong thousand dollars)

	The Group		Variance	The Company		Variance	Note
	(Audited)	(Unaudited)		(Audited)	(Unaudited)		
ASSETS							
Non-current assets							
Property, plant and equipment	181,366	181,366	-	-	-	-	
Right-of-use assets	31,961	31,961	-	-	-	-	
Intangible assets	-	10,497	(10,497)	-	-	-	(1)
Deferred tax assets	8,185	-	8,185	-	-	-	(2)
Investment in subsidiaries	-	-	-	57,112	-	57,112	(3)
Investment in associate	-	-	-	-	-	-	
Amount due from subsidiaries (non-trade)	-	-	-	-	91,657	(91,657)	(4)
	<u>221,512</u>	<u>223,824</u>	<u>(2,312)</u>	<u>57,112</u>	<u>91,657</u>	<u>(34,545)</u>	
Current assets							
Trade and other receivables	20,827	24,330	(3,503)	92	92	-	(4)
Contract assets	-	16,060	(16,060)	-	-	-	(4)
Cash and bank balances	303	303	-	-	-	-	
	<u>21,130</u>	<u>40,693</u>	<u>(19,563)</u>	<u>92</u>	<u>92</u>	<u>-</u>	
TOTAL ASSETS	<u>242,642</u>	<u>264,517</u>	<u>(21,875)</u>	<u>57,204</u>	<u>91,749</u>	<u>(34,545)</u>	
LIABILITIES							
Current liabilities							
Trade and other payables	36,095	36,095	-	18,868	18,868	-	
Contract Liabilities	152	152	-	-	-	-	
Provision for warranty	807	807	-	-	-	-	
Income tax payable	7,694	2,950	4,744	-	-	-	(2)
Borrowings	8,008	8,008	-	3,094	3,094	-	
	<u>52,756</u>	<u>48,012</u>	<u>4,744</u>	<u>21,962</u>	<u>21,962</u>	<u>-</u>	
Non-current liabilities							
Trade and other payables	2,405	2,405	-	-	-	-	
Deferred tax liabilities	-	74	(74)	-	-	-	(2)
Borrowings	20,960	20,960	-	-	-	-	
Lease liabilities	57,006	57,006	-	-	-	-	
	<u>80,371</u>	<u>80,445</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
TOTAL LIABILITIES	<u>133,127</u>	<u>128,457</u>	<u>4,744</u>	<u>21,962</u>	<u>21,962</u>	<u>-</u>	
NET ASSETS	<u>109,515</u>	<u>136,060</u>	<u>(26,619)</u>	<u>35,242</u>	<u>69,787</u>	<u>(34,545)</u>	
EQUITY							
Capital and reserves attributable to equity holders of the Company							
Share capital	14,311	14,311	-	14,311	14,311	-	
Share premium	473,003	473,003	-	473,003	473,003	-	
Contributed surplus	16,456	16,456	-	16,456	16,456	-	
Translation deficit	(4,782)	(5,160)	378	-	-	-	(2)
Statutory reserve	7,066	7,066	-	-	-	-	
Revaluation reserve	98	98	-	-	-	-	
Other reserve	15,120	15,120	-	-	-	-	
Accumulated losses	(396,296)	(439,882)	43,586	(468,528)	(433,983)	(34,545)	(1),(2),(3),(4),(5)
	<u>124,976</u>	<u>81,012</u>	<u>43,964</u>	<u>35,242</u>	<u>69,787</u>	<u>(34,545)</u>	
Non-controlling interests	<u>(15,461)</u>	<u>55,048</u>	<u>(70,509)</u>	<u>-</u>	<u>-</u>	<u>-</u>	(1),(2),(4),(5)
TOTAL EQUITY	<u>109,515</u>	<u>136,060</u>	<u>(26,545)</u>	<u>35,242</u>	<u>69,787</u>	<u>(34,545)</u>	

(1) Adjustment for additional impairment of intangible assets (goodwill).

(2) Adjustment to accrue for additional income tax liabilities and deferred tax assets inadvertently omitted.

(3) Adjustment for over-provision for impairment of investment in subsidiaries.

(4) Adjustment for additional expected credit losses on financial assets.

(5) Adjustment for non-controlling interests' share of impairment of intangible assets (goodwill) and cumulative effects of other adjustments.

SINO CLOUD GROUP LIMITED
CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2020
(Expressed in Hong Kong thousand dollars)

	The Group		Variance	Note
	(Audited)	(Unaudited)		
Revenue	33,253	33,253	-	
Other income	731	699	32	(1)
			-	
Employee benefits expense	(4,491)	(4,491)	-	
Depreciation of property, plant and equipment	(7,633)	(7,633)	-	
Depreciation of right-of-use assets	(2,572)	(2,572)	-	
Amortisation of intangible assets	(3,101)	(3,102)	1	
Impairment loss of:			-	
- financial assets	(58,158)	(38,391)	(19,767)	(2)
- intangible assets	(124,779)	(114,282)	(10,497)	(3)
Operating lease expenses	-	(53)	53	(1)
Subcontracting fee		-	-	
Bandwidth fee	(6,842)	(6,842)	-	
Other expenses	(11,597)	(11,512)	(85)	(1)
Foreign exchange loss	(572)	(571)	(1)	
Finance costs	(8,536)	(8,536)	-	
Loss before tax	<u>(194,297)</u>	<u>(164,033)</u>	<u>(30,264)</u>	
Income tax credit / (expense)	3,080	(398)	3,478	(4)
Loss for the financial year	<u><u>(191,217)</u></u>	<u><u>(164,431)</u></u>	<u><u>(26,786)</u></u>	
Loss attributable to:				
Equity holders of the Company	(105,385)	(148,971)	43,586	(5)
Non-controlling interests	(85,832)	(15,460)	(70,372)	(5)
	<u><u>(191,217)</u></u>	<u><u>(164,431)</u></u>	<u><u>(26,786)</u></u>	

- (1) Reclassifications of profit or loss accounts.
- (2) Adjustment for additional expected credit losses on financial assets.
- (3) Adjustment for additional impairment of intangible assets (goodwill).
- (4) Adjustment to accrue for additional income tax liabilities and deferred tax assets inadvertently omitted.
- (5) Adjustment for non-controlling interests' share of impairment of intangible assets (goodwill) and cumulative effects of other adjustments.

SINOCLOUD GROUP LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020
(Expressed in Hong Kong thousand dollars)

	The Group		Variance	Note
	(Audited)	(Unaudited)		
Cash flows from operating activities	(194,297)	(164,033)		
Loss before tax				
<i>Adjustments:</i>				
Depreciation of property, plant and equipment	7,633	7,633	-	
Depreciation of right-of-use assets	2,572	2,572	-	
Amortisation of intangible assets	3,101	3,102	(1)	
Waiver of liabilities	(716)	(716)	-	
Impairment of financial assets	58,158	38,391	19,767	(1)
Impairment of intangible assets	124,779	114,282	10,497	(2)
Interest expenses	8,536	8,536	-	
Operating profit before working capital changes	9,766	9,767	(1)	
Trade and other receivables	3,068	(6,600)	9,668	(1)
Trade and other payables	(770)	2,841	(3,611)	(3), (4)
Contract assets	(427)	1,574	(2,001)	(1)
Contract liabilities	(454)	1,674	(2,128)	(3)
Cash generated from operations	11,183	9,256	1,927	
Income tax paid	(4,339)	(4,053)	(286)	(5)
Interest paid	(5,267)	(5,267)	-	
Net cash from / (used in) operating activities	1,577	(64)	1,641	
Cash flows from investing activities				
Refund of advances and earnest deposits from vendors of China Satellite Group	11,486	11,486	-	
Payments to purchase property, plant and equipment	(16,092)	(16,092)	-	
Placement of prepayment for software development	(1,642)	-	(1,642)	(4)
Net cash used in investing activities	(6,248)	(4,606)	(1,642)	
Cash flows from financing activities				
Proceeds from borrowings	966	966	-	
Advances from directors, net	372	372	-	
Advances from related parties, net	3,068	3,068	-	
Net cash from financing activities	4,406	4,406	-	
Net decrease in cash and bank balances	(265)	(264)	(1)	
Cash and cash equivalents at beginning of the financial year	572	572	-	
Effect of exchange rate changes in cash and cash equivalents	(4)	(5)	1	
Cash and cash equivalents at end of the year	303	303	-	

- (1) Adjustment for additional expected credit losses on financial assets.
- (2) Adjustment for additional impairment of intangible assets (goodwill).
- (3) Adjustment to reflect foreign exchange differences arising from consolidation.
- (4) Reclassification of cashflows used in investing activities, which were inadvertently classified as cashflows used in operating activities.
- (5) Adjustment for unpaid income tax liabilities.