

SINOCLOUD GROUP LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019
(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	184,138	184,138	-	-	-	-	
Intangible assets	139,555	139,555	-	-	-	-	
Investment in subsidiaries	-	-	-	60,166	60,166	-	
Amount due from subsidiaries (non-trade)	-	-	-	104,507	104,507	-	
	323,693	323,693	-	164,673	164,673	-	
Current assets							
Trade and other receivables	59,625	59,625	-	11,604	11,604	-	
Contract assets	36,241	36,241	-	-	-	-	
Cash and bank balances	572	572	-	-	-	-	
	96,438	96,438	-	11,604	11,604	-	
TOTAL ASSETS	420,131	420,131	-	176,277	176,277	-	
LIABILITIES							
Current liabilities							
Trade and other payables	49,984	54,170	(4,186)	10,638	10,638	-	(1)
Contract liabilities	755	755	-	-	-	-	
Redeemable convertible bonds	13,220	13,220	-	13,220	13,220	-	
Provision for warranty	838	838	-	-	-	-	
Income tax payable	7,045	5,158	1,887	-	-	-	(2)
	71,842	74,141	(2,299)	23,858	23,858	-	
Non-current liabilities							
Trade and other payables	24,109	19,923	4,186	-	-	-	(1)
Borrowings	5,106	5,106	-	-	-	-	
Loans from a shareholder	9,867	9,867	-	-	-	-	
Deferred tax liabilities	74	-	74	-	-	-	(2)
	39,156	34,896	4,186	-	-	-	
TOTAL LIABILITIES	110,998	109,037	1,887	23,858	23,858	-	
NET ASSETS	309,133	311,094	(1,887)	152,419	152,419	-	
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	(341)	(484)	143	-	-	-	(2)
Statutory reserve	6,454	6,454	-	-	-	-	
Revaluation reserve	98	98	-	-	-	-	
Other reserve	15,120	15,120	-	-	-	-	
Accumulated losses	(289,210)	(286,272)	(2,938)	(351,351)	(351,351)	-	(2)
	235,891	238,686	(2,795)	152,419	152,419	-	
Non-controlling interest	73,242	72,408	834	-	-	-	(2)
TOTAL EQUITY	309,133	311,094	(1,961)	152,419	152,419	-	

(1) Adjustment on operating lease payable amount allocated between current and non-current liabilities.

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

SINOCLOUD GROUP LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2018
(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	207,559	207,559	-	-	-	-	
Intangible assets	151,617	151,617	-	-	-	-	
Investment in subsidiaries	-	-	-	60,166	60,166	-	
Amount due from subsidiaries (non-trade)	-	-	-	104,507	104,507	-	
	<u>359,176</u>	<u>359,176</u>	-	<u>164,673</u>	<u>164,673</u>	-	
Current assets							
Trade and other receivables	163,834	163,834	-	31,851	31,851	-	
Amount due from contract work	6,650	6,650	-	-	-	-	
Cash and bank balances	724	724	-	-	-	-	
	<u>171,208</u>	<u>171,208</u>	-	<u>31,851</u>	<u>31,851</u>	-	
TOTAL ASSETS	<u>530,384</u>	<u>530,384</u>	-	<u>196,524</u>	<u>196,524</u>	-	
LIABILITIES							
Current liabilities							
Trade and other payables	73,850	78,447	(4,597)	9,448	9,448	-	(1)
Borrowings	49,967	49,967	-	-	-	-	
Loans from a shareholder	2,000	2,000	-	-	-	-	
Provision for warranty	1,266	1,266	-	-	-	-	
Income tax payable	4,048	-	4,048	-	-	-	(2)
	<u>131,131</u>	<u>131,680</u>	(549)	<u>9,448</u>	<u>9,448</u>	-	
Non-current liabilities							
Trade and other payables	22,260	17,663	4,597	-	-	-	(1)
Redeemable convertible bonds	13,220	13,220	-	13,220	13,220	-	
Loans from a shareholder	4,074	4,074	-	-	-	-	
Deferred tax liabilities	1,185	-	1,185	-	-	-	(2)
	<u>40,739</u>	<u>34,957</u>	-	<u>13,220</u>	<u>13,220</u>	-	
TOTAL LIABILITIES	<u>171,870</u>	<u>166,637</u>	(549)	<u>22,668</u>	<u>22,668</u>	-	
NET ASSETS	<u>358,514</u>	<u>363,747</u>	549	<u>173,856</u>	<u>173,856</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 reserve	10,894	11,148	(254)	-	-	-	(2)
Statutory reserve	4,961	4,961	-	-	-	-	
Revaluation reserve	98	98	-	-	-	-	
Other reserve	15,120	15,120	-	-	-	-	
Accumulated losses	(259,241)	(254,578)	(4,663)	(329,914)	(329,914)	-	(2)
	<u>275,602</u>	<u>280,519</u>	(4,917)	<u>173,856</u>	<u>173,856</u>	-	
Non-controlling interest	82,912	83,228	(316)	-	-	-	(2)
TOTAL EQUITY	<u>358,514</u>	<u>363,747</u>	(5,233)	<u>173,856</u>	<u>173,856</u>	-	

(1) Adjustment on operating lease payable amount allocated between current and non-current liabilities.

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

SINOCLOUD GROUP LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2017

(Expressed in Hong Kong thousand dollars)

	The Group		Variance	Note
	(Audited)	(Unaudited)		
ASSETS				
Non-current assets				
Property, plant and equipment	59,705	59,705	-	
Intangible assets	161,266	161,266	-	
Amount due from subsidiaries (non-trade)	27,688	27,688	-	
	<u>248,659</u>	<u>248,659</u>	-	
Current assets				
Trade and other receivables	89,755	89,753	2	
Amount due from associate (non-trade)	22,719	22,719	-	
Cash and bank balances	1,081	1,081	-	
	<u>113,555</u>	<u>113,553</u>	2	
TOTAL ASSETS	<u>362,214</u>	<u>362,212</u>	2	
LIABILITIES				
Current liabilities				
Trade and other payables	42,111	46,260	(4,149)	(1)
Lease obligations	14,244	14,244	-	
Borrowings	7,622	7,622	-	
Redeemable convertible bonds	13,220	13,220	-	
Income tax payable	6,792	-	6,792	(2)
	<u>83,989</u>	<u>81,346</u>	2,643	
Non-current liabilities				
Trade and other payables	15,113	10,964	4,149	(1)
Lease obligations	20,252	20,252	-	
Loans from a shareholder	2,000	2,000	-	
Deferred tax liabilities	848	-	848	(2)
	<u>38,213</u>	<u>33,216</u>	848	
TOTAL LIABILITIES	<u>122,202</u>	<u>114,562</u>	3,491	
NET ASSETS	<u>240,012</u>	<u>247,650</u>	(3,489)	
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	10,918	10,918	-	
Share premium	438,396	438,396	-	
Contributed surplus	16,456	16,456	-	
Translation deficit	(1,907)	(2,220)	313	(2)
Statutory reserve	252	252	-	
Revaluation reserve	98	98	-	
Other deficit	(52,475)	(52,475)	-	
Accumulated losses	(201,552)	(195,052)	(6,500)	(2)
	210,186	216,373	(6,187)	
Non-controlling interest	29,826	31,277	(1,451)	(2)
TOTAL EQUITY	<u>240,012</u>	<u>247,650</u>	(7,638)	

(1) Adjustment on operating lease payable amount allocated between current and non-current liabilities.

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD FROM 1 APRIL 2018 TO 30 JUNE 2019
(Expressed in Hong Kong thousand dollars)

	The Group		Variance	Note
	(Audited)	(Unaudited)		
Revenue	64,695	64,695	-	
Other income	9,327	9,801	(474)	(1)
Employee benefit expenses	(11,124)	(11,124)	-	
Depreciation of property, plant and equipment	(11,865)	(11,865)	-	
Amortisation of intangible assets	(12,062)	(12,061)	(1)	
Software development expenses	(16,393)	(16,393)	-	
Impairment loss of:				
- financial assets	(1,660)	(1,869)	209	(1)
- prepayments	(8,594)	(8,594)	-	
Operating lease expenses	(4,257)	(4,257)	-	
Subcontracting fee	(956)	(956)	-	
Bandwidth fee	(15,611)	(15,611)	-	
Other expenses	(15,594)	(15,860)	266	(1)
Finance costs	(4,199)	(4,199)	-	
Loss before tax	<u>(28,293)</u>	<u>(28,293)</u>	-	
Income tax expense	<u>(2,415)</u>	<u>(5,290)</u>	2,875	(2)
Loss for the financial period	<u><u>(30,708)</u></u>	<u><u>(33,583)</u></u>	<u>2,875</u>	
Profit /(Loss) attributable to:				
Equity holders of the Company	(28,193)	(29,917)	1,724	(2)
Non-controlling interest	<u>(2,515)</u>	<u>(3,666)</u>	1,151	(2)
	<u><u>(30,708)</u></u>	<u><u>(33,583)</u></u>	<u>2,875</u>	
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss				
- Currency translation differences arising from consolidation	<u>(18,390)</u>	<u>(18,786)</u>	396	(2)
Total comprehensive (loss) / income attributable to:				
Equity holders of the Company	(39,428)	(41,549)	2,121	(2)
Non-controlling interests	<u>(9,670)</u>	<u>(10,820)</u>	1,150	(2)
	<u><u>(49,098)</u></u>	<u><u>(52,369)</u></u>	<u>3,271</u>	

(1) Being reclassifications of profit or loss accounts.

(2) Being effect of adjustments on income tax liabilities and deferred tax liabilities.

SINOCLOUD GROUP LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD FROM 1 APRIL 2017 TO 31 MARCH 2018
(Expressed in Hong Kong thousand dollars)

	<u>The Group</u>		<u>Variance</u>	<u>Note</u>
	<u>(Audited)</u>	<u>(Unaudited)</u>		
Revenue	82,588	82,588	-	
Other income	22,754	22,754	-	
Employee benefit expenses	(10,604)	(10,604)	-	
Depreciation of property, plant and equipment	(10,097)	(10,097)	-	
Amortisation of intangible assets	(9,649)	(9,649)	-	
Impairment loss of:				
- investment in associate	(26,400)	(26,400)	-	
- financial assets	(22,719)	-	(22,719)	(1)
- amount due from associate	-	(22,719)	22,719	(1)
Operating lease expenses	(5,504)	(5,504)	-	
Subcontracting fee	(21,832)	(21,832)	-	
Bandwidth fee	(11,421)	(11,421)	-	
Other expenses	(15,571)	(12,612)	(2,959)	(2)
Finance costs	(3,229)	(3,229)	-	
Share of associate's loss	(1,288)	(1,288)	-	
Loss before tax	<u>(32,972)</u>	<u>(30,013)</u>	(2,959)	
Income tax expense	(4,930)	(7,994)	3,064	(3)
Loss for the financial year	<u>(37,902)</u>	<u>(38,007)</u>	105	
(Loss) / Profit attributable to:				
Equity holders of the Company	(50,022)	(51,859)	1,837	(3)
Non-controlling interest	15,078	13,852	1,226	(3)
	<u>(34,944)</u>	<u>(38,007)</u>	3,063	
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss				
- Currency translation differences arising from consolidation	16,692	17,350	(658)	(3)
- Currency translation differences realised through deregistration of a subsidiary	2,958	-	2,958	(2)
	<u>19,650</u>	<u>17,350</u>	2,300	
Total comprehensive (loss) / income attributable to:				
Equity holders of the Company	(40,179)	(41,449)	1,270	(2), (3)
Non-controlling interests	21,927	20,792	1,135	(2), (3)
	<u>(18,252)</u>	<u>(20,657)</u>	2,405	

(1) Being reclassifications of profit or loss accounts.

(2) Adjustment to profit or loss for translation reserves of a subsidiary, which was de-registered in 2018.

(3) Being effect of adjustments on income tax liabilities and deferred tax liabilities.

SINOCLOUD GROUP LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM 1 APRIL 2018 TO 30 JUNE 2019
(Expressed in Hong Kong thousand dollars)

	The Group		Variance	Note
	(Audited)	(Unaudited)		
Cash flows from operating activities				
Loss before tax	(28,293)	(28,293)	-	
<i>Adjustments:</i>				
Depreciation of property, plant and equipment	11,865	11,865	-	
Property, plant and equipment written off	4	3	1	
Amortisation of intangible assets	12,062	12,061	1	
Waiver of liabilities	(1,682)	-	(1,682)	(1)
Software development expenses written off	16,393	-	16,393	(1)
Impairment of prepayment	8,594	8,594	-	
Impairment of financial assets	1,660	1,869	(209)	(2)
Reversal of provision for warranty	(322)	(322)	-	
Interest expenses	4,199	4,199	-	
Foreign exchange loss, net	-	933	(933)	(3)
Operating profit before working capital changes	24,480	10,909	13,571	
Trade and other receivables	7,991	41,937	(33,946)	(1),(2), (3)
Trade and other payables	1,842	(15,302)	17,144	(3), (4), (5), (7)
Contract assets	(32,526)	(30,970)	(1,556)	(3)
Contract liabilities	814	775	39	(3)
Cash generated from operations	2,601	7,349	(4,748)	
Income tax paid	(133)	(133)	-	
Interest paid	(2,683)	(4,200)	1,517	(4)
Net cash generated from operating activities	(215)	3,016	(3,231)	
Cash flows from investing activities				
Addition to property, plant and equipment	(14,747)	(6,884)	(7,863)	(5)
Repayment received from termination of a potential acquisition	41,400	41,400	-	
Repayment received from advances and earnest deposits to vendors of China Satellite Group	20,122	-	20,122	(6)
Net cash used in investing activities	46,775	34,516	12,259	
Financing activities				
Repayment of borrowings	(46,868)	(46,868)	-	
Proceeds from loan borrowings	5,423	5,423	-	
Proceeds from loan from a shareholder	3,793	3,793	-	
Net repayment to from directors	(1,847)	-	(1,847)	(7)
Net repayment to a related party	(7,181)	-	(7,181)	(7)
Net cash used in financing activities	(46,680)	(37,652)	(9,028)	
Net decrease in cash and bank balances	(120)	(120)	-	
Cash and cash equivalents at beginning of the financial period	724	724	-	
Effect of exchange rate changes in cash and cash equivalents	(32)	(32)	-	
Cash and cash equivalents at end of the financial period	572	572	-	

(1) Adjustments for non-cash transactions.

(2) To reflect reclassifications of profit or loss accounts.

(3) Adjustments to reflect foreign exchange differences arising from consolidation.

(4) Adjustments for unpaid interest expenses.

(5) Adjustments for payments made during the financial period ended 30 June 2019 for additions of property, plant and equipment in prior year.

(6) Adjustment for repayment received from advances and earnest deposits to vendors of China Satellite Mobile Communications Group Limited ("**China Satellite Group**").

(7) Reclassifications of cashflows arising from financing activities, which were inadvertently classified as cashflows arising from operating activities.

SINOCLOUD GROUP LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM 1 APRIL 2017 TO 31 March 2018
(Expressed in Hong Kong thousand dollars)

	The Group		Variance	Note
	(Audited)	(Unaudited)		
Cash flows from operating activities				
Loss before tax	(32,972)	(30,013)	(2,959)	(1)
<i>Adjustments:</i>				
Depreciation of property, plant and equipment	10,097	10,097	-	
Property, plant and equipment written off	50	50	-	
Amortisation of intangible assets	9,649	9,649	-	
Share of associate's loss	1,288	1,288	-	
Impairment of investment in associate	26,400	26,400	-	
Impairment of amount due from associate	22,719	22,719	-	
Addition of provision for warranty	1,201	1,201	-	
Loss on de-registration of a subsidiary	2,958	-	2,958	(1)
Interest expenses	3,229	3,229	-	
Foreign exchange loss, net	-	5,433	(5,433)	(2)
Operating profit before working capital changes	44,619	50,053	(5,434)	
Trade and other receivables	(27,678)	(21,358)	(6,320)	(2)
Trade and other payables	11,141	32,349	(21,208)	(2), (3), (4), (6)
Amount due from contract work	(5,826)	(6,305)	479	(2)
Cash generated from operations	22,256	54,739	(32,483)	
Income tax paid	(7,993)	(7,993)	-	
Interest paid	(1,562)	(3,229)	1,667	(3)
Net cash generated from operating activities	12,701	43,517	(30,816)	
Investing activities				
Addition to property, plant and equipment	(137,001)	(144,223)	7,222	(4)
Placement of deposit for a potential acquisition	(43,658)	(43,658)	-	
Repayment received from advances and earnest deposits to vendors of China Satellite Group	12,192	-	12,192	(5)
Net cash used in investing activities	(168,467)	(187,881)	19,414	
Financing activities				
Repayment of borrowings	(8,016)	(8,016)	-	
Proceeds from loan borrowings	47,384	47,384	-	
Repayment of lease obligations	(36,235)	(36,235)	-	
Proceeds from loan from a shareholder	4,074	4,074	-	
Proceeds from capital injection by minority shareholders of a subsidiary	136,754	136,754	-	
Net advance from directors	3,976	-	3,976	(6)
Net advance from a related party	7,426	-	7,426	(6)
Net cash generated from financing activities	155,363	143,961	11,402	
Net decrease in cash and cash equivalents	(403)	(403)	-	
Cash and cash equivalents at beginning of the financial year	1,081	1,081	-	
Effect of exchange rate changes in cash and cash equivalents	46	46	-	
Cash and cash equivalents at end of the financial year	724	724	-	

(1) Adjustments for non-cash transactions

(2) Adjustments to reflect foreign exchange differences arising from consolidation.

(3) Adjustments for unpaid interest expenses.

(4) Adjustments for unpaid balances of additions in property, plant and equipment.

(5) Adjustment for repayment received from advances and earnest deposits to vendors of China Satellite Group.

(6) Reclassifications of cashflows arising from financing activities, which were inadvertently classified as cashflows arising from operating activities.