

SINOCLOUD GROUP LIMITED

(THE "COMPANY")

(Company Registration No.: 34050)

(Incorporated in Bermuda on 13 August 2003)

Unaudited Third Quarter and Nine Months Financial Statement And Dividend Announcement for the Financial Period Ended 31 December 2017

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a)(i) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

**CONSOLIDATED INCOME STATEMENT
FOR THE PERIOD ENDED 31 DECEMBER 2017
(Expressed in Hong Kong thousand dollars)**

	Three Months Ended			Nine Months Ended		
	31.12.2017	31.12.2016	%	31.12.2017	31.12.2016	%
	(Unaudited)	(Unaudited)	+ / (-)	(Unaudited)	(Unaudited)	+ / (-)
Revenue	25,329	12,446	NM	52,770	37,638	40
Other income	-	2,667	(100)	22,669	3,113	NM
Employee benefits expense	(2,927)	(3,019)	(3)	(7,912)	(8,240)	(4)
Depreciation of property, plant and equipment	(2,884)	(4,102)	(30)	(8,660)	(8,897)	(3)
Amortisation of intangible assets	(2,412)	(2,412)	0	(7,237)	(7,237)	0
Operating lease expenses	(1,825)	(3,265)	(44)	(5,477)	(9,417)	(42)
Other expenses	(13,234)	(3,318)	NM	(23,078)	(7,704)	NM
Finance costs	(656)	(1,562)	(58)	(2,070)	(4,955)	(58)
Share of loss of associate	(327)	(379)	(14)	(973)	(2,095)	(54)
Profit/ (Loss) before tax	1,064	(2,944)	NM	20,032	(7,794)	NM
Income tax expense	(8,099)	-	NM	(8,099)	-	NM
Profit/ (Loss) for the financial period	<u>(7,035)</u>	<u>(2,944)</u>	NM	<u>11,933</u>	<u>(7,794)</u>	NM
Profit / (Loss) attributable to:						
Equity holders of the Company	(6,135)	(3,442)	78	1,691	(10,178)	NM
Non-controlling interest	(900)	498	NM	10,242	2,384	NM
	<u>(7,035)</u>	<u>(2,944)</u>	NM	<u>11,933</u>	<u>(7,794)</u>	NM

NM: Not meaningful

1(a)(ii) A consolidated statement (for the group) of comprehensive income together with a comparative statement for the corresponding period of the immediately preceding financial year

(In HK\$'000)	Three Months Ended			Nine Months Ended		
	31.12.2017	31.12.2016	%	31.12.2017	31.12.2016	%
	(Unaudited)	(Unaudited)	+ / (-)	(Unaudited)	(Unaudited)	+ / (-)
Profit/ (Loss) for the period	(7,035)	(2,944)	NM	11,933	(7,794)	NM
Other comprehensive income/ (loss)						
Currency translation difference arising from consolidation	2,524	301	NM	2,293	572	NM
Total comprehensive profit/ (loss) for the period	(4,511)	(2,643)	71	14,226	(7,222)	NM
Total comprehensive profit/ (loss) attributable to						
Equity holders of the Company	(3,611)	(3,141)	15	3,984	(9,606)	NM
Non-controlling interest	(900)	498	NM	10,242	2,384	NM
Total comprehensive profit/ (loss) for the period	(4,511)	(2,643)	NM	14,226	(7,222)	NM

Profit/(Loss) for the period is arrived at after (charging)/ crediting the following:

(In HK\$'000)

	Three months ended			Nine months ended		
	31.12.2017	31.12.2016	%	31.12.2017	31.12.2016	%
	(Unaudited)	(Unaudited)	+ / (-)	(Unaudited)	(Unaudited)	+ / (-)
Foreign exchange adjustment gain	2,524	301	NM	2,293	572	NM
Subcontracting fee	(7,372)	-	NM	(9,330)	-	NM
Bandwidth fee	(4,534)	(626)	NM	(7,375)	(626)	NM
Reversal of interest expenses accrued in prior years in respect of a finance lease arrangement	-	-	NM	18,719	-	NM
Government subsidy received	-	467	NM	3,951	467	NM

NM: Not meaningful

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

(In HK\$'000)	<u>The Group</u>		<u>The Company</u>	
	As at 31.12.2017 (Unaudited)	As at 31.3.2017 (Audited)	As at 31.12.2017 (Unaudited)	As at 31.3.2017 (Audited)
ASSETS				
Non-current assets				
Property, plant and equipment	54,766	59,705	-	-
Intangible assets	154,029	161,266	-	-
Investment in an associate	26,715	27,688	53,550	53,550
Amount due from subsidiaries (non-trade)	-	-	95,669	58,581
	<u>235,510</u>	<u>248,659</u>	<u>149,219</u>	<u>112,131</u>
Current assets				
Trade and other receivables	251,729	89,848	42,594	44,046
Amount due from an associate (non-trade)	22,719	22,719	-	-
Cash and bank balances	564	1,081	-	-
	<u>275,012</u>	<u>113,648</u>	<u>42,594</u>	<u>44,046</u>
TOTAL ASSETS	<u>510,522</u>	<u>362,307</u>	<u>191,813</u>	<u>156,177</u>
LIABILITIES				
Current liabilities				
Trade and other payables	81,847	58,193	5,133	2,931
Short term loan from bank	8,112	7,622	-	-
Convertible bonds	-	13,220	-	13,220
Lease obligation	-	14,244	-	-
Amount due to subsidiaries (non-trade)	-	-	4,039	-
	<u>89,959</u>	<u>93,279</u>	<u>9,172</u>	<u>16,151</u>
Non-current liabilities				
Lease obligation	-	20,252	-	-
Loan from a shareholder of the company	6,074	2,000	-	-
Convertible bonds	13,220	-	13,220	-
	<u>19,294</u>	<u>22,252</u>	<u>13,220</u>	<u>-</u>
TOTAL LIABILITIES	<u>109,253</u>	<u>115,531</u>	<u>22,392</u>	<u>16,151</u>
NET ASSETS	<u>401,269</u>	<u>246,776</u>	<u>169,421</u>	<u>140,026</u>
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	14,311	10,918	14,311	10,918
Share premium	473,004	438,396	473,004	438,396
Contributed surplus	16,456	16,456	16,456	16,456
Translation reserve/ (deficit)	3,044	(3,785)	-	-
Statutory reserve	5,863	5,863	-	-
Revaluation reserve	98	98	-	-
Other reserve/ (deficit)	12,816	(52,475)	-	-
Accumulated losses	(201,239)	(199,972)	(334,350)	(325,744)
	<u>324,353</u>	<u>215,499</u>	<u>169,421</u>	<u>140,026</u>
Non-controlling interest	<u>76,916</u>	<u>31,277</u>	<u>-</u>	<u>-</u>
TOTAL EQUITY	<u>401,269</u>	<u>246,776</u>	<u>169,421</u>	<u>140,026</u>

1(b)(ii) Aggregate amount of group's borrowings and debt securities**Amount repayable in one year or less, or on demand**

	As at 31.12.2017 In HK\$'000		As at 31.3.2017 In HK\$'000	
	Secured	Unsecured	Secured	Unsecured
Lease obligations	-	-	-	14,244
Convertible bonds	-	-	-	13,220
Short term loan from bank	-	8,112	-	7,622
Amount due to directors of the Company	-	1,800	-	1,300
Short term loan from director of a subsidiary	-	-	-	801
Short term loan from an unrelated third party	-	-	-	5,001

Amount repayable after one year

	As at 31.12.2017 In HK\$'000		As at 31.3.2017 In HK\$'000	
	Secured	Unsecured	Secured	Unsecured
Lease obligations	-	-	-	20,252
Loan from a shareholder of the Company	-	6,074	-	2,000
Convertible bonds	-	13,220	-	-

Details of any collateral

Not applicable as there are no collateral on the Group's borrowings and debt securities.

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

(In HK\$'000)	Three Months Ended		Nine Months Ended	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Cash flow from operating activities				
(Loss)/ Profit for financial period	(7,035)	(2,944)	11,933	(7,794)
<i>Adjustments:</i>				
Depreciation of property, plant and equipment	2,884	4,102	8,660	8,897
Amortisation of intangible assets	2,412	2,412	7,237	7,237
Share of loss of associates	327	379	973	2,095
Other income arising from termination of finance lease arrangement	-	-	(18,719)	-
Finance costs	656	1,562	2,070	4,955
Operating (loss)/ profit before working capital changes	(756)	5,511	12,154	15,390
Trade and other receivables	(9,112)	5,602	(16,440)	(6,522)
Trade and other payables	9,083	6,067	1,860	1,642
Cash (used in)/ generated from operating activities	(785)	17,180	(2,426)	10,510
Interest paid	(174)	(1,410)	(1,413)	(4,767)
Net cash (used in)/ generated from operating activities	(959)	15,770	(3,839)	5,743
Cash flow from investing activities				
Government grant	-	-	3,837	-
(Repayment)/ receipt from an associate (non-trade)	-	1	-	(174)
Prepayment of GYZD phase 2 development fees	(1,200)	-	(144,641)	-
Net cash (used in)/ generated from investing activities	(1,200)	1	(140,804)	(174)
Cash flow from financing activities				
Proceeds from GY Fund capital injection	-	-	138,052	-
Proceeds of loan from a shareholder of the Company	1,344	-	4,074	-
Receipt of repayment from vendors of CSMCG	-	-	1,500	-
Receipt/ (Repayment) of short term loan from a director	500	(15,173)	500	9,111
Repayment of lease obligations	-	-	-	(11,636)
Advance payment of lease obligations	-	-	-	(13,815)
Receipt of short term loan from unrelated third party	-	13,971	-	17,459
Net cash generated from/ (used in) financing activities	1,844	(1,202)	144,126	1,119
Net (decrease)/ increase in cash and cash equivalents	(315)	14,569	(517)	6,688
Cash and cash equivalents at beginning of the financial period	879	4,156	1,081	12,037
Cash and cash equivalents at end of the financial period	564	18,725	564	18,725

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

Group

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 deficit HK\$'000	Accumulated losses HK\$'000	Non-controlling Interest HK\$'000	Total equity HK\$'000
Balance as at 1 April 2017	10,918	438,396	16,456	(3,785)	5,863	98	(52,475)	(199,972)	31,277	246,776
Profit for the period from 1.4.2017 to 30.6.2017	-	-	-	-	-	-	-	8,412	8,569	16,981
<u>Contribution by and distributions to owners</u>										
Write off of translation reserve arising from strike off of subsidiary	-	-	-	2,958	-	-	-	(2,958)	-	-
GY Fund capital injection	-	-	-	-	-	-	37,936	-	24,188	62,124
Total contribution by and distributions to owners	-	-	-	2,958	-	-	37,936	(2,958)	24,188	62,124
Balance as at 30 June 2017	<u>10,918</u>	<u>438,396</u>	<u>16,456</u>	<u>(827)</u>	<u>5,863</u>	<u>98</u>	<u>(14,539)</u>	<u>(194,518)</u>	<u>64,034</u>	<u>325,881</u>
(Loss) / Profit for the period from 1.7.2017 to 30.9.2017	-	-	-	-	-	-	-	(586)	2,573	1,987
<u>Contribution by and distributions to owners</u>										
GY Fund capital injection	-	-	-	2,076	-	-	43,179	-	33,386	78,641
Total contribution by and distributions to owners	-	-	-	2,076	-	-	43,179	-	33,386	78,641
Balance as at 30 September 2017	<u>10,918</u>	<u>438,396</u>	<u>16,456</u>	<u>1,249</u>	<u>5,863</u>	<u>98</u>	<u>28,640</u>	<u>(195,104)</u>	<u>99,993</u>	<u>406,509</u>

Group

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 deficit HK\$'000	Accumulated losses HK\$'000	Non- controlling Interest HK\$'000	Total equity HK\$'000
Balance as at 30 September 2017	10,918	438,396	16,456	1,249	5,863	98	28,640	(195,104)	99,993	406,509
Loss for the period from 1.10.2017 to 31.12.2017	-	-	-	-	-	-	-	(6,135)	(900)	(7,035)
<u>Contribution by and distributions to owners</u>										
Issuance of shares	3,393	34,608	-	-	-	-	(15,824)	-	(22,177)	-
GY Fund capital injection	-	-	-	1,795	-	-	-	-	-	1,795
Total contribution by and distributions to owners	3,393	34,608	-	1,795	-	-	(15,824)	-	(22,177)	1,795
Balance as at 31 December 2017	<u>14,311</u>	<u>473,004</u>	<u>16,456</u>	<u>3,044</u>	<u>5,863</u>	<u>98</u>	<u>12,816</u>	<u>(201,239)</u>	<u>76,916</u>	<u>401,269</u>

Group

Attributable to equity holders of the Company

	Share capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000	Translation deficit HK\$'000	Statutory reserve HK\$'000	Revaluation reserve HK\$'000	Other deficit HK\$'000	Accumulated losses HK\$'000	Non- controlling Interest HK\$'000	Total equity HK\$'000
Balance as at 1 April 2016	10,918	438,396	16,456	(3,683)	5,863	98	(49,466)	(154,126)	60,555	325,011
Loss for the period from 1.4.2016 to 30.6.2016	-	-	-	-	-	-	-	(2,985)	1,289	(1,696)
<u>Contribution by and distributions to owners</u>										
Write off of translation reserve arising from strike off of subsidiary	-	-	-	-	-	-	-	-	-	-
GY Fund capital injection	-	-	-	-	-	-	-	-	-	-
Total contribution by and distributions to owners	-	-	-	-	-	-	-	-	-	-
Balance as at 30 June 2016	<u>10,918</u>	<u>438,396</u>	<u>16,456</u>	<u>(3,683)</u>	<u>5,863</u>	<u>98</u>	<u>(49,466)</u>	<u>(157,111)</u>	<u>61,844</u>	<u>323,315</u>
Loss for the period from 1.7.2016 to 30.9.2016	-	-	-	-	-	-	-	(3,456)	745	(2,711)
<u>Contribution by and distributions to owners</u>										
GY Fund capital injection	-	-	-	-	-	-	-	-	-	-
Total contribution by and distributions to owners	-	-	-	-	-	-	-	-	-	-
Balance as at 30 September 2016	<u>10,918</u>	<u>438,396</u>	<u>16,456</u>	<u>(3,683)</u>	<u>5,863</u>	<u>98</u>	<u>(49,466)</u>	<u>(160,567)</u>	<u>62,589</u>	<u>320,604</u>

Group

Attributable to equity holders of the Company

	Share capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000	Translation deficit HK\$'000	Statutory reserve HK\$'000	Revaluation reserve HK\$'000	Other deficit HK\$'000	Accumulated losses HK\$'000	Non-controlling Interest HK\$'000	Total equity HK\$'000
Balance as at 30 September 2016	10,918	438,396	16,456	(3,683)	5,863	98	(49,466)	(160,567)	62,589	320,604
Loss for the period from 1.10.2016 to 31.12.2016	-	-	-	-	-	-	-	(3,442)	498	(2,944)
<u>Contribution by and distributions to owners</u>										
Issuance of shares	-	-	-	-	-	-	-	-	-	-
Share issue expense	-	-	-	-	-	-	-	-	-	-
Total contribution by and distributions to owners	-	-	-	-	-	-	-	-	-	-
Balance as at 31 December 2016	10,918	438,396	16,456	(3,683)	5,863	98	(49,466)	(164,009)	63,087	317,660

Company

Attributable to equity holders of the Company

	Share capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000	Accumulated losses HK\$'000	Total equity HK\$'000
Balance as at 1 April 2017	10,918	438,396	16,456	(325,744)	140,026
Loss for the period from 1.4.2017 to 30.6.2017	-	-	-	(2,424)	(2,424)
Balance as at 30 June 2017	10,918	438,396	16,456	(328,168)	137,602
Loss for the period from 1.7.2017 to 30.9.2017	-	-	-	(2,412)	(2,412)
Balance as at 30 September 2017	10,918	438,396	16,456	(330,580)	135,190
Loss for the period from 1.10.2017 to 31.12.2017	-	-	-	(3,770)	(3,770)
<u>Contribution by and distributions to owners</u>					
Issuance of shares	3,393	34,608	-	-	38,001
Total contribution by and distributions to owners	3,393	34,608	-	-	38,001
Balance as at 31 December 2017	14,311	473,004	16,456	(334,350)	169,421

Company

Attributable to equity holders of the Company

	Share capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000	Accumulated losses HK\$'000	Total equity HK\$'000
Balance as at 1 April 2016	10,918	438,396	16,456	(280,472)	185,298
Loss for the period from 1.4.2016 to 30.6.2016	-	-	-	(2,785)	(2,785)
Balance as at 30 June 2016	<u>10,918</u>	<u>438,396</u>	<u>16,456</u>	<u>(283,257)</u>	<u>182,513</u>
Loss for the period from 1.7.2016 to 30.9.2016	-	-	-	(3,933)	(3,933)
Balance as at 30 September 2016	<u>10,918</u>	<u>438,396</u>	<u>16,456</u>	<u>(287,190)</u>	<u>178,580</u>
Loss for the period from 1.10.2016 to 31.12.2016	-	-	-	(2,938)	(2,938)
<u>Contribution by and distributions to owners</u>					
Issuance of shares			-	-	-
Total contribution by and distributions to owners	-	-	-	-	-
Balance as at 31 December 2016	<u>10,918</u>	<u>438,396</u>	<u>16,456</u>	<u>(290,128)</u>	<u>175,642</u>

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, 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. 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.

	Issued and fully paid-up ordinary shares	Share capital HK\$'000
Balance as at 30 September 2017	10,917,813,474	10,918
Allotment and issuance of shares pursuant to the Acquisition⁽¹⁾	<u>3,392,857,143</u>	<u>3,393</u>
Balance as at 31 December 2017	14,310,670,617	14,311

Note:

- (1) On 7 June 2017, the Company had, through its wholly-owned subsidiary, SinoCloud Investment Holdings Limited (“**SinoCloud Investment**”), entered into a sale and purchase agreement to acquire the remaining 19% interest in SinoCloud 01 Limited (“**SC01**”) which it does not currently own (“**Acquisition**”). The purchase consideration of HK\$38,000,000 was satisfied by the allotment and issuance of an aggregate of 3,392,857,143 new shares in the capital of the Company (“**Consideration Shares**”) on 6 October 2017.

On 28 November 2017, the Company entered into two separate convertible bonds agreements with Mr Lam Cho Ying Terence Joe and Mr Soo Kok Beng Peter (“**Subscribers**”) respectively, for bonds in aggregate principal amount of S\$2,256,000 to be issued by the Company, due on 27 November 2019 (“**Convertible Bonds**”). The Convertible Bonds are convertible into 1,128,000,000 new shares in the capital of the Company at a conversion price of S\$0.002 for each share. As at 31 December 2017 and as at the date of this announcement, no conversion has taken place.

The total number of shares that may be issued on conversion of all the outstanding convertibles of the Company as at 31 December 2017 is 1,128,000,000 (31 December 2016: 376,000,000). The convertible securities as at 31 December 2017 relate to the Convertible Bonds. Save for the above, the Company does not have any other convertible securities.

There were no treasury shares or subsidiary holdings as at 31 December 2017 and 31 December 2016.

1(d)(iii) 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 31 December 2017 was 14,310,670,617 (31 March 2017: 10,917,813,474).

There were no treasury shares as at 31 December 2017 and 31 March 2017.

1(d)(iv) A statement showing all sales, transfers, disposals, 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.

1(d)(v) A statement showing all sales, transfers, disposals, 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 subsidiary holdings during and as at the end of the current financial period reported on.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice

The figures have not been audited nor reviewed by the Group's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with the audited financial statements for the financial year ended 31 March 2017. The adoption of the new and amended International Financial Reporting Standards (IFRS) and Interpretations of IFRS (INT IFRS) that are mandatory for financial year beginning on or after 1 April 2017 does not result in substantial changes to the Group's financial statements.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

Not applicable.

6. **Loss per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends**

	3 Months Ended 31.12.2017	3 Months Ended 31.12.2016	9 Months Ended 31.12.2017	9 Months Ended 31.12.2016
(Loss)/ Profit attributable to equity holders of the Company (HK\$'000)	(6,135)	(3,442)	1,691	(10,178)
Weighted average number of shares in issue	14,310,670,617	10,917,813,474	11,982,724,840	10,917,813,474
(Loss)/ Profit per ordinary share (HK cents)				
- Based on weighted average number of ordinary shares in issue	(0.04)	(0.03)	0.01	(0.09)
- On a fully diluted basis (Please see note below)	(0.04)	(0.03)	0.01	(0.09)

Note:

The convertible bonds in aggregate principal amount of S\$2,256,000 which expired on 26 May 2017 has no dilutive effect for the 9M 31 December 2017. The Convertible Bonds expiring in 27 November 2019 has no dilutive effect for the 3M 31 December 2017 and the 9M 31 December 2017.

7. **Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current financial period reported on and (b) immediately preceding financial year**

	As at 31.12.2017	As at 31.3.2017
Net asset value of the Company per ordinary share	HK\$0.012	HK\$ 0.012
Net asset value of the Group per ordinary share	HK\$0.023	HK\$ 0.020

8. 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

Following the completion of the Group's acquisition of 63% interest in SinoCloud 01 Limited on 1 October 2015, SinoCloud 01 Limited ("SC01" and together with its subsidiaries comprising SinoCloud 01 Limited, SinoCloud 01 (HK) Limited, SinoCloud Data (Guiyang) Limited and Guiyang Zhongdian Gaoxin Digital Technologies Limited ("GYZD"), the "S01 Group") are treated as subsidiaries of the Group. The Group has consolidated the profit or loss and financial position of the S01 Group into the Group's financial statements. On 7 March 2017, the Group acquired an additional 18% interest in SC01 and the S01 Group became a 81% subsidiary of the Group. Since 15 May 2017 and as at 30 June 2017, the Company's effective interest in GYZD was reduced from 81% to 66.42% as a result of an initial investment of RMB54.0 million by Guiyang Gaoxin Big Data Fund Company ("Guiyang Fund") in GYZD ("Initial Guiyang Fund Investment"). On 6 July 2017, the Company's effective interest in GYZD was reduced from 66.42% to 48.6%, as a result of additional investment of RMB66.0 million ("Subsequent Guiyang Fund Investment") by Guiyang Fund in GYZD. Please refer to the Company's announcements on 16 May 2017 and 6 July 2017 for further information on the Initial Guiyang Fund Investment and the Subsequent Guiyang Fund Investment. On 6 October 2017, the Group completed the acquisition of an additional 19.0% equity interest in SC01 and accordingly, SC01 became a 100.0% owned subsidiary of the Group, and the Company's effective interest in GYZD increased from 48.6% to 60.0%. The remaining stake of 40% in GYZD not held by the Group shall be treated as non-controlling interest and will be reported separately in the Group's financial statements for the financial period ended 31 December 2017.

(A) REVIEW OF FINANCIAL RESULTS

Revenue

The Group's revenue generated in the three months ended 31 December ("3M") 2017 increased by HK\$12.9 million, from HK\$12.4 million in the 3M 31 December 2016 to HK\$25.3 million in the 3M 31 December 2017. Further, revenue increased by HK\$15.2 million, from HK\$37.6 million in the nine months ended ("9M") 31 December 2016 to HK\$52.8 million in the 9M 31 December 2017. The increase was attributable to an increase in revenue contribution from GYZD, due to an increase in demand for its internet data centre ("IDC") services.

Other income

Other income of HK\$2.7 million in the 3M 31 December 2016 relates to a government subsidy received by GYZD. No such income was reported in the 3M 31 December 2017.

Other income of HK\$22.7 million in the 9M 31 December 2017 comprised (i) government subsidy received by GYZD of HK\$4.0 million; and (ii) a reversal of interest expenses accrued in prior years in respect of a finance lease arrangement of GYZD of HK\$18.7 million. The reversal of interest expense was due to interest savings as a result of an early settlement by the subsidiary – GYZD, with the lessor of GYZD during the 3M 30 June 2017. Other income in the 9M 31 December 2016 amounted to HK\$3.1 million which relates to a government subsidy received by GYZD.

Operating expenses

Employee benefits expenses decreased slightly by HK\$ 0.1 million from HK\$3.0 million in the 3M 31 December 2016 to HK\$2.9 million in the 3M 31 December 2017, and decreased by HK\$0.3 million, from HK\$8.2 million in the 9M 31 December 2016 to HK\$7.9 million in the 9M 31 December 2017. The decrease was mainly due to staff turnover during the respective periods.

Depreciation of property, plant and equipment (“PPE”) decreased by HK\$1.2 million, from HK\$4.1 million in the 3M 31 December 2016 to HK\$2.9 million in the 3M 31 December 2017, mainly due to recognition of depreciation which was under provided in the previous quarter. Depreciation of PPE decreased slightly by HK\$0.2 million, from HK\$8.9 million in the 9M 31 December 2016 to HK\$8.7 million in the 9M 31 December 2017.

Amortisation of intangible assets remained at HK\$2.4 million in both 3M 31 December 2017 and 3M 31 December 2016, and remained at HK\$7.2 million in both 9M 31 December 2017 and 9M 31 December 2016. It relates to the amortisation of intangible assets of customer contract and favorable lease arising from the acquisition of SC01.

Operating lease expenses decreased by HK\$1.5 million, from HK\$3.3 million in the 3M 31 December 2016 to HK\$1.8 million in the 3M 31 December 2017, and decreased by HK\$3.9 million, from HK\$9.4 million in the 9M 31 December 2016 to HK\$5.5 million in the 9M 31 December 2017. This was mainly due to lower rental expenses incurred as a result of an office relocation of a subsidiary in the PRC.

Other expenses, comprising primarily office overhead, legal and professional fees, subcontracting fees, bandwidth fees and exchange difference, increased by HK\$9.9 million, from HK\$3.3 million in the 3M 31 December 2016 to HK\$13.2 million in the 3M 31 December 2017, and increased by HK\$15.4 million, from HK\$7.7 million in the 9M 31 December 2016 to HK\$23.1 million in the 9M 31 December 2017. The increase was mainly due to the subcontracting fees and bandwidth fees incurred for outsourced technical services in the 3M 31 December 2017.

Finance costs decreased by HK\$0.9 million, from HK\$1.6 million in the 3M 31 December 2016 to HK\$0.7 million in the 3M 31 December 2017, and decreased by HK\$2.9 million, from HK\$5.0 million in the 9M 31 December 2016 to HK\$2.1 million in the 9M 31 December 2017. The decrease was due to the termination of finance lease arrangement in GYZD during the 3M 30 June 2017.

The share of loss of associates represented the Company’s share of loss in its associated company, China Satellite Mobile Communications Group Limited (“CSMCG”). Share of loss of associates decreased slightly by HK\$0.1 million, from HK\$0.4 million in the 3M 31 December 2016 to HK\$0.3 million in the 3M 31 December 2017. Share of loss of associates decreased by HK\$1.1 million, from HK\$2.1 million in the 9M 31 December 2016 to HK\$1.0 million in the 9M 31 December 2017, mainly attributable to lower operating cost incurred by CSMCG in the 9M 31 December 2017.

Income tax

The Company is incorporated under the laws of Bermuda and has received an undertaking from the Ministry of Finance in Bermuda pursuant to the provisions of the Exempted Undertakings Tax Protection Act, 1996, which exempts the Company and its shareholders, other than shareholders ordinarily residing in Bermuda, from any Bermuda taxes computed on profit, income or any capital asset gain or appreciation, or any tax in the nature of estate duty or inheritance tax, until the year of 2035.

The Group’s profits derived from Hong Kong are subject to Hong Kong profits tax at 16.5% (3M 31 December 2016: 16.5%). No provision for Hong Kong profits tax was made, as there was no assessable profit derived from Hong Kong during the 3M 31 December 2017.

The Group’s subsidiaries in the PRC, SinoCloud Data (Guiyang) Limited (“SCDG”) and GYZD are subject to PRC enterprise income tax of 25% (“EIT”) and withholding tax of 5% respectively. GYZD generated net profits in 9M 31 December 2017 and recorded accumulated profits in 9M 31 December 2017, and accordingly, EIT was provided for in the 3M 31 December 2017 and the 9M 31 December 2017.

No Singapore income tax was payable in respect of the Group's operations in Singapore, as our Singapore operation has been inactive since the financial year ended 31 December 2005. The Company's only subsidiary in Singapore, Armarda Technology (Singapore) Pte. Ltd. was struck off on 4 April 2017.

Subsidiaries incorporated under the laws of BVI are exempted from income tax.

Net profit after tax

As a result of the above, the Group recorded a net loss of HK\$7.0 million and a net profit of HK\$11.9 million in the 3M 31 December 2017 and 9M 31 December 2017, respectively, as compared to a net loss of HK\$2.9 million and HK\$7.8 million in the 3M 31 December 2016 and 9M 31 December 2016, respectively.

(B) REVIEW OF FINANCIAL POSITION

Non-current Assets

Non-current assets decreased by HK\$13.2 million, from HK\$248.7 million as at 31 March 2017 to HK\$235.5 million as at 31 December 2017. Non-current assets comprised (i) property, plant and equipment; (ii) intangible assets; and (iii) investment in an associate.

(i) Property, plant and equipment

The net book value of property, plant and equipment decreased by HK\$4.9 million, from HK\$59.7 million as at 31 March 2017 to HK\$54.8 million as at 31 December 2017. The decrease was mainly due to depreciation charge of HK\$8.7 million during the period, and partially offset by exchange difference of HK\$3.8 million arising from translation of RMB to HK\$.

(ii) Intangible assets

Intangible assets decreased by HK\$7.3 million, from HK\$161.3 million as at 31 March 2017 to HK\$154.0 million as at 31 December 2017, due to amortisation charge during the period. The intangible assets relate to the business combination of SC01, comprising (i) goodwill of HK\$124.1 million, representing the excess value of total purchase consideration over the fair value of the net identifiable assets; (ii) customer contract of HK\$16.4 million; and (iii) favorable lease of HK\$13.5 million as at 31 December 2017.

(iii) Investment in an associate

Investment in an associate – CSMCG, decreased by HK\$1.0 million, from HK\$27.7 million as at 31 March 2017 to HK\$26.7 million as at 31 December 2017. The decrease was attributable to the Company's share of losses being incurred by CSMCG in the 9M 31 December 2017.

In December 2017, CSMCG signed a master distributor agreement with a global broadband services and technology company for the distribution of mobile satellite products and services in the PRC, subject to the approval of product type and in-country service license as required by the relevant PRC regulatory. Further information will be announced as and when there are material developments to the aforementioned agreement.

Current Assets

Current assets increased by HK\$161.4 million, from HK\$113.6 million as at 31 March 2017 to HK\$275.0 million as at 31 December 2017. Current assets comprised (i) trade and other receivables; (ii) amount due from an associate (non-trade); and (iii) cash and bank balances.

(i) Trade and other receivables

Trade and other receivables increased by HK\$161.9 million, from HK\$89.8 million as at 31 March 2017 to HK\$251.7 million as at 31 December 2017.

Trade and other receivables as at 31 December 2017 comprised (i) trade receivables of HK\$52.0 million; (ii) other receivables and prepayment of HK\$156.6 million; (iii) loan and deposit from vendors of CSMCG of HK\$42.3 million; and (iv) amount due from a director of a subsidiary of HK\$0.8 million.

Trade receivables increased by HK\$17.4 million, from HK\$34.6 million as at 31 March 2017 to HK\$52.0 million as at 31 December 2017. The increase was in line with the increase in revenue in the 9M 31 December 2017, contributed by the IDC business. The management of the Company had assessed the aging of the trade receivables as at 31 December 2017, and taking into account the debtors' payment patterns and track records, it is of the opinion that no provision for impairment is necessary.

Other receivables and prepayment increased by HK\$145.9 million, from HK\$10.7 million as at 31 March 2017 to HK\$156.6 million as at 31 December 2017, comprising (i) prepayment of HK\$126.2 million in respect of GYZD phase 2 development fees; and (ii) aggregate deposits and prepayments of HK\$30.4 million primarily in respect of the IDC business.

Loan and deposit from vendors of CSMCG (the “**Vendors**”) decreased by HK\$1.5 million, from HK\$43.8 million as at 31 March 2017 to HK\$42.3 million as at 31 December 2017. The Company had, on 21 June 2017, entered into an agreement with the Vendors, whereby the Vendors repaid HK\$1.5 million upon signing of the said agreement, and the remaining amount of HK\$42.3 million shall be repaid to the Company within 6 months from the date of the agreement. The Company has further received HK\$952,000 from the Vendors in January 2018. The Company has been informed by the Vendors that, due to existing and relevant rules, regulations and policies in the PRC, the Vendors are facing difficulties in remitting the outstanding balance due to the Company. The Company is in discussion with the Vendors on the available options to collect the outstanding amount of HK\$41,348,000.

Amount due from a director of a subsidiary amounted to HK\$0.8 million on both 31 March 2017 and 31 December 2017.

(ii) Amount due from an associate (non-trade)

Amount due from an associate (non-trade) amounted to HK\$22.7 million on both 31 March 2017 and 31 December 2017. The amount relates to the Company's payment on behalf of CSMCG for operational expenses. CSMCG is currently in discussion with potential investors for funding of its business operation and also to repay the amount due to the Company. As at the date of this announcement, no agreement has been entered into by CSMCG.

(iii) Cash and bank balances

Cash and cash equivalents decreased by HK\$0.5 million, from HK\$1.1 million as at 31 March 2017 to HK\$0.6 million as at 31 December 2017. Please refer to “Cashflows” on the movement in cash and cash equivalents.

Current Liabilities

Current liabilities decreased by HK\$3.3 million, from HK\$93.3 million as at 31 March 2017 to HK\$90.0 million as at 31 December 2017. Current liabilities comprised mainly (i) trade and other payables; (ii) short term loan from bank; (iii) convertible bonds; and (iv) finance lease obligations.

(i) Trade and other payables

Trade and other payables increased by HK\$23.6 million, from HK\$58.2 million as at 31 March 2017 to HK\$81.8 million as at 31 December 2017. Trade and other payables as at 31 December 2017 comprised (i) trade payables of HK\$25.8 million; (ii) other payables of HK\$49.0 million; (iii) customer deposits of HK\$5.2 million; and (iv) amount due to directors of the Company of HK\$1.8 million.

Trade payables increased by HK\$6.4 million, from HK\$19.4 million as at 31 March 2017 to HK\$25.8 million as at 31 December 2017, mainly due to accruals for rental and utility expenses incurred by GYZD.

Other payables increased by HK\$23.8 million, from HK\$25.2 million as at 31 March 2017 to HK\$49.0 million as at 31 December 2017, mainly due to (i) the outstanding balance owing to an equipment supplier upon termination of the finance lease arrangement under GYZD; (ii) income tax payable; and (iii) phase 2 and other development fees in relation to GYZD's IDC business.

Customer deposits decreased by HK\$1.3 million, from HK\$6.5 million as at 31 March 2017 to HK\$5.2 million as at 31 December 2017, due to the recognition of revenue for the services provided in 9M 31 December 2017.

Amount due to directors of the Company increased by HK\$0.5 million, from HK\$1.3 million as at 31 March 2017 to HK\$1.8 million as at 31 December 2017. The increase was due to an additional loan of HK\$0.5 million from a director of the Company to the Company for operation purpose. The loan is interest-free, unsecured and repayable on demand.

(ii) Short term loan from bank

Short term loan from bank increased by HK\$0.5 million, from HK\$7.6 million as at 31 March 2017 to HK\$8.1 million as at 31 December 2017, due to translation of RMB to HK\$ in the 9M 31 December 2017. The loan bears an interest rate of 8.28% per annum and is repayable on or before 9 March 2018. The loan is guaranteed by Shenzhen Zhongdian Lechu Data Technology Co., Limited, the holding company of GYZD.

(iii) Convertible bonds

Convertible bonds relate to the convertible bonds of an aggregate amount of S\$2.26 million (equivalent to HK\$13.2 million), which bear interest rate at 12% per annum at a conversion price of S\$0.006 for each Share, due on 28 May 2017. This was redeemed in November 2017 with the proceeds from new convertible bonds issued (please refer to "Non-current Liabilities – Convertible Bonds" for further information on the new convertible bonds).

(iv) Lease obligations – current portion

The current portion of the finance lease obligations amounted to HK\$14.2 million as at 31 March 2017 and nil as at 31 December 2017. The lease obligations relate to a lease to facilitate the equipment purchase for the operation of the IDC business in GYZD. The finance lease arrangement was terminated in the 3M 30 June 2017.

Non-current Liabilities

Non-current liabilities decreased by HK\$3.0 million, from HK\$22.3 million as at 31 March 2017 to HK\$19.3 million as at 31 December 2017. Non-current liabilities comprised (i) lease obligations (non-current portion); (ii) loan from a shareholder of the Company; and (iii) convertible bonds.

(i) Lease obligations – non-current portion

The non-current portion of the finance lease obligations amounted to HK\$20.3 million as at 31 March 2017 and nil as at 31 December 2017. The lease obligations relate to a lease to facilitate the equipment purchase for the operation of the IDC business in GYZD. The finance lease arrangement had been terminated in 3M 30 June 2017.

(ii) Loan from a shareholder of the Company

Loan from a shareholder of the Company increased by HK\$4.1 million, from HK\$2.0 million as at 31 March 2017 to HK\$6.1 million as at 31 December 2017, due to an additional HK\$4.1 million loan being provided by a shareholder of the Company in the 9M 31 December 2017. The loan is interest-bearing at 6% per annum, unsecured and repayable on demand on or before 6 April 2019.

(iii) Convertible bonds

Convertible bonds relate to the Convertible Bonds of an aggregate amount of S\$2.26 million (equivalent to HK\$13.2 million) entered into by the Company with the Subscribers in November 2017, which bear interest rate at 12% per annum at a conversion price of S\$0.002 for each Share. The Convertible Bonds are due on 27 November 2019.

Non-controlling interest (“NCI”)

NCI increased by HK\$45.6 million, from HK\$31.3 million as at 31 March 2017 to HK\$76.9 million as at 31 December 2017. The increase of NCI was due to the fact that SC01 became a 100.0% owned subsidiary of the Group, and the Company’s effective interest in GYZD increased from 48.6% to 60.0%, as at 31 December 2017.

(C) CASH FLOWS

(a) 3M 31 December 2017

Net cash used in operating activities for the 3M 31 December 2017 amounted to HK\$0.1 million. This was due to (i) an operating loss before changes in working capital of HK\$0.8 million; and (ii) working capital changes of HK\$29,000 due to an increase in trade and other receivables and increase in trade and other payables.

Net cash flow used in investing activities amounted to HK\$1.2 million in the 3M 31 December 2017, mainly for a prepayment in respect of GYZD phase 2 development fees.

Net cash flow generated from financing activities of HK\$1.8 million in the 3M 31 December 2017 relates to short term loan from a shareholder of the Company of HK\$1.3 million and short term loan from a director of the Company of HK\$0.5 million.

As a whole, the Group used HK\$0.3 million in the 3M 31 December 2017. The cash and cash equivalents as at 31 December 2017 amounted to HK\$0.6 million.

(b) 9M 31 December 2017

Net cash used in operating activities for the 9M 31 December 2017 amounted to HK\$3.8 million. This was due to (i) an operating profit before changes in working capital of HK\$12.2 million; and (ii) working capital changes of HK\$14.6 million due to an increase in trade and other receivables and increase in trade and other payables.

Net cash flow used in investing activities amounted to HK\$140.8 million in the 9M 31 December 2017, mainly for a prepayment of HK\$144.6 million in respect of GYZD phase 2 development fees, partially offset by GYZD's receipt of government grant of HK\$3.8 million.

Net cash generated from financing activities for the 9M 31 December 2017 amounted to HK\$144.1 million, in respect of (i) proceeds of HK\$138.1 million received by GYZD pursuant to the Initial Guiyang Fund Investment and deposits received by GYZD pursuant to the Subsequent Guiyang Fund Investment; (ii) short term loan from a shareholder of the Company of HK\$4.1 million; (iii) repayment from vendors of CSMCG of HK\$1.5 million; and (iv) a short term loan from a director of the Company of HK\$0.5 million.

As a whole, the Group used HK\$0.5 million in the 9M 31 December 2017. The cash and cash equivalents as at 31 December 2017 amounted to HK\$0.6 million.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

Not applicable.

10. 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 GYZD, which has been generating positive returns to the Group since early 2016.

In May 2017 and July 2017, Guiyang Fund injected a total of RMB120 million in GYZD, with a resultant interest in 40% in GYZD, as of 6 July 2017. Consequently, the Group's effective interest in GYZD was reduced to 48.6%. With the funds received from Guiyang Fund, GYZD was able to expand its capacity, enhance its business network and further develop its IDC business in the PRC. Subsequent to 30 September 2017, on 6 October 2017, the Group completed the acquisition of an additional 19% equity interest in SC01 and accordingly, SC01 became a 100.0% owned subsidiary of the Group, and the Company's effective interest in GYZD increased from 48.6% to 60.0%.

The business environment of the IDC industry where the Group operates in remains promising. The Group is focusing its efforts on strengthening its IDC business to capture the potential growth from the IDC market in the PRC.

The performance of the Group's associate company, namely CSMCG, which is in the provision of mobile satellite services ("MSS") in the PRC, is highly dependent on the roll-out performance of the new data communication services. In December 2017, CSMCG signed a master distributor agreement with a global broadband services and technology company, for the distribution of MSS products and services in the PRC. The agreement is subject to CSMCG obtaining approval for its product type and in-country service license as required by the PRC regulators. CSMCG is currently sourcing for external funding from potential investors to fund its operation, to fulfill payment obligation to that global broadband company, and to repay the amount owing to the Company. As at the date of this announcement, no agreement has been entered into by CSMCG. The Company will

provide an update from time to time should there be any material development of the aforementioned project.

The Company will focus its resources on IDC-related business and do not preclude the possibility of disposing CSMCG in the future.

11. 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 (9M 31 December 2016: 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.

12. If no dividend has been declared/recommended, a statement to that effect

No dividend is declared/recommended.

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. There is no IPT during the 3M 31 December 2017.

14. Negative assurance on interim financial statements pursuant to Rule 705(5)

We, Chan Andrew Wai Men and Chu Yin Ling, Karen, being directors of the Company, do hereby confirm on behalf of the Board of Directors that, to the best knowledge of the Board of Directors, nothing has come to the attention of the Board of Directors which may render the interim financial statements for the 3 months ended 31 December 2017 to be false or misleading in any material aspect.

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)

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.

BY ORDER OF THE BOARD

Chan Andrew Wai Men
Chairman and Chief Executive Officer

Chu Yin Ling, Karen
Executive Director

6 February 2018

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"), for compliance with the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalist. The Sponsor has not independently verified the contents of this announcement.

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.